



Research
2014

DEAR INVESTORS,

IT IS WITH GREAT PLEASURE WE INTRODUCE OUR INAUGURAL RESEARCH PUBLICATION

ELEVATION CAPITAL RESEARCH ANNUAL

2014

Elevation Capital was founded on the philosophy of “Independent Thinking – Disciplined Investing”.

INDEPENDENT THINKING [In-de-pend-ent Think-ing] ində'pendənt THiNkiNG verb

Is essential to long-term investment success. We are often contrarian and do not pay attention to index compositions when making investment decisions. We believe that when you're several thousand miles away from Wall Street in a different nation, it's easier to be independent and buy the things that other people are selling, and sell the things that other people are buying. We also believe that cash is sometimes the most attractive investment.

DISCIPLINED INVESTING [Dis-ci-plined In-vest-ing] disciplinəd invest'ing verb

The market presents opportunities every day, but disciplined investing is as much about the opportunities you do not take. Our investments are premised on the concept of “Margin of Safety” which we believe reduces risk.

We believe this research publication clearly emphasises our continued adherence to our founding philosophy. It provides our investors, and potential investors, with the ability to review and critique our investment ideas, which will now be presented on an annual basis in this format.

While it is important to be able to articulate our investment process and ideas clearly, it is also critical to ensure those ideas add value. With this in mind we have also published our “batting average”^{*} from within the Elevation Capital Value Fund.

From Inception Date - 9 December 2008 to 31 December 2014 the portfolio data is as follows:

Number of Exited Positions: 152

Profitable Positions in New Zealand Dollars: 124

Profitable Positions in Local Currency: 131

Batting Average in New Zealand Dollars: 81.6%*

Batting Average in Local Currency: 86.2%*

We trust you find this publication useful and that it continues to highlight the rigor and thought processes behind how Elevation Capital invests on behalf of our clients.

Yours sincerely,

Christopher Swasbrook

Richard Milsom

John Tsai

* Batting average is defined as the overall percentage of investments that have delivered positive returns for the Elevation Capital Value Fund since inception.

DISCLOSURE

This research publication was published in November 2015.

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ADIDAS AG
ARCOS DORADOS HOLDINGS INC
ADVANCED INFO SERVICE PCL
COCA-COLA AMATIL LIMITED
DIAGEO PLC
ENCANA CORPORATION
MONSTER WORLDWIDE, INC
NESTLÉ SA
PARIS ORLEANS SCA
PENTAL LIMITED
PENN WEST PETROLEUM LIMITED
POST HOLDINGS INC
RÉMY COINTREAU SA
SCHOLASTIC CORP
SOUZA CRUZ SA
STAPLES, INC
TIFFANY & CO
TOD'S SPA

ELEVATION CAPITAL MANAGEMENT LIMITED

ADIDAS AG [ADS:GR]

Research Presentation released in December 2014





ADIDAS: ADIDAS GROUP

adidas®
GROUP

adidas®



76% REVENUE*

TaylorMade®



9% REVENUE*

Reebok

11% REVENUE*

CCM

2% REVENUE*

ROCKPORT

2% REVENUE*

ADIDAS: HISTORY

- 1924 The foundations of the Adidas brand were laid in Bavaria, Germany, during 1924, when Adi Dassler registered “Gebrüder Dassler Schuhfabrik”, the beginnings of the modern day Adidas. He set out to provide the highest quality athletic equipment, a market in its early stages of development.
- 1948 As a result of a bitter feud (which lasted until they both died), Adi and Rudi Dassler split the assets of the Company and founded Adidas and Ruda (which became Puma)
- 1995 Adidas went public on the Deutsche Börse stock exchange.
- 1997 Adidas acquired Salomon and its brands. With the acquisition of the Salomon Group and its brands TaylorMade, Mavic and Bonfire, the Company changed its name to Adidas-Salomon AG.
- 2004 Adidas ran one of its most memorable marketing campaigns, based around the slogan ‘Impossible is Nothing’.
- 2005 Adidas and Salomon would go their separate ways, when the latter and its brands (excluding TaylorMade) were sold to Amer Sports. Adidas acquired Reebok, including the brands Rockport and Reebok-CCM Hockey, and brought together two of the world’s most respected and best-known companies in the sporting goods industry.
- 2006 After selling off its Salomon brand, the Company was renamed Adidas AG.
- 2009 TaylorMade acquired the golf company Ashworth.
- 2011 Adidas acquired the outdoor specialist Five Ten.
- 2012 TaylorMade acquired the golf equipment company Adams Golf, a specialist in utility woods and beginners golf equipment.



ADIDAS: TOP SPORTS BRANDS

2014 FORBES TOP 10 SPORTS BRANDS – BRAND VALUE*

- #1 NIKE - \$19.0B
- #2 ESPN - \$16.5B
- #3 ADIDAS - \$5.8B
- #4 SKY SPORTS - \$4.5B
- #5 UNDER ARMOUR - \$4.1B
- #6 REEBOK - BRAND VALUE: \$880M
- #7 YES NETWORK - \$680M
- #8 NESN - \$525M
- #9 MAJOR LEAGUE BASEBALL (MLBAM) - \$520M
- #10 ULTIMATE FIGHTING CHAMPIONSHIP (UFC) - \$440M



IMPOSSIBLE IS JUST A BIG WORD THROWN AROUND BY SMALL MEN WHO FIND IT EASIER TO LIVE IN THE WORLD THEY'VE BEEN GIVEN THAN TO EXPLORE THE POWER THEY HAVE TO CHANGE IT. IMPOSSIBLE IS NOT A FACT. IT'S AN OPINION. IMPOSSIBLE IS NOT A DECLARATION. IT'S A DARE. IMPOSSIBLE IS POTENTIAL. IMPOSSIBLE IS TEMPORARY.

IMPOSSIBLE IS NOTHING.



ADIDAS: FASHION WORLD



More than any other sporting brand (that we are aware of) Adidas has developed extensive brand diffusion, increasing penetration to a wider audience and beyond the sports & fitness categories. Adidas Originals has proven popular, with high profile marketing campaigns involving Katie Price, Pharrell Williams and Rita Ora. In 2003, Adidas established a partnership with Japanese fashion designer Yohji Yamamoto to develop the Y-3 brand. It followed this up in 2004 with an agreement with British Fashion designer Stella McCartney having launched a joint venture line of women's fitness clothing.

ADIDAS: ART WORLD



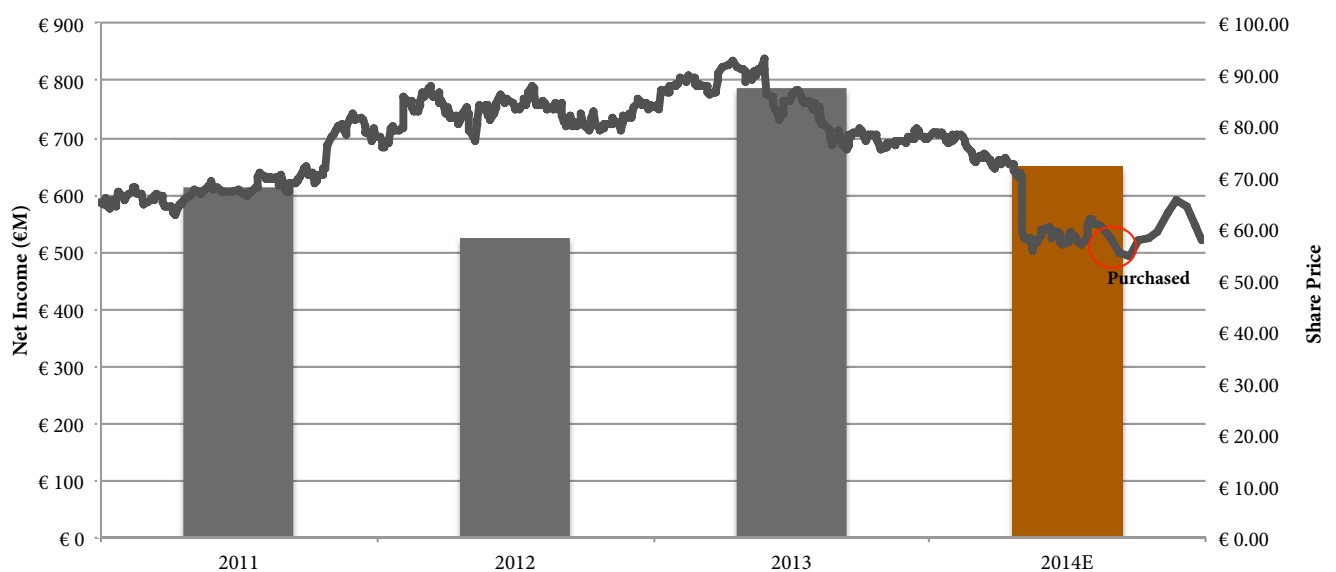
ADIDAS: MUSIC WORLD



ADIDAS X
KANYE WEST



ADIDAS: RECENT NEGATIVE HEADLINES PRESENT AN OPPORTUNITY



- Negative currency movements (-€450M impact to revenue year to date, as at 30 June 2014)
- Difficult trading conditions in the golf industry (18% sales decline for TaylorMade in FY2014 1H)
- Geopolitical risks in the Eastern European region (e.g., Russia), a region in which Adidas has invested heavily over the past two years
- Share price declined 40% from €92.92 (Market Cap = €19.4B) on 22/1/2014 to €55.5 (Market Cap = €11.6B) on 7/8/2014
- Share price as at 10/12/2014 = €57.80 (Market Cap = €12.1B)

ADIDAS: RUSSIAN MARKET EXPOSURE

Russia is the
MOST PROFITABLE REGION
for Adidas
as it is the most dominant player
in Russia, with a
~60% MARKET SHARE



This infographic produced by the Company in 2011 shows its focus on the Russian market.

ADIDAS: COMPARABLE COMPANIES



ADIDAS IS CURRENTLY TRADING AT A SIZEABLE DISCOUNT TO ITS GLOBAL PEERS:

VALUATION	P/E (TTM)	P/E (NTM)	PRICE / SALES	EV / EBITDA	PRICE / BV	DIV. YIELD
ASICS	29.7x	26.1x	1.5x	15.3x	3.0x	0.6%
Callaway Golf	45.3x	24.2x	0.6x	19.6x	1.9x	0.5%
Gerry Weber	20.0x	17.1x	1.6x	9.0x	3.0x	2.3%
Mizuno	24.4x	22.5x	0.4x	10.7x	0.8x	1.7%
Nike	29.3x	24.7x	2.6x	16.1x	6.5x	1.1%
Puma	32.6x	24.6x	0.9x	9.6x	1.6x	0.3%
Skechers	22.7x	17.2x	1.2x	9.9x	2.4x	0.0%
Under Armour	73.3x	57.7x	3.9x	27.9x	9.2x	0.0%
Adidas	18.8x	17.1x	0.8x	8.9x	2.0x	2.6%
Peer Group Median	29.5x	24.4x	1.4x	13.0x	2.7x	0.6%

ADIDAS: VS NIKE - TRADITIONAL METRICS

- Nike is more profitable – Higher ROE, ROA and Net Margins
- Adidas has a stronger position in a number of sports including golf, soccer, rugby, cricket and ice hockey
- Adidas is trading at a significant discount to Nike based on P/E, P/B, P/S and EV/EBITDA metrics, while supporting a higher dividend yield
- Adidas has considerable scope for a turnaround and/or divestments which should see a re-rating in time versus Nike



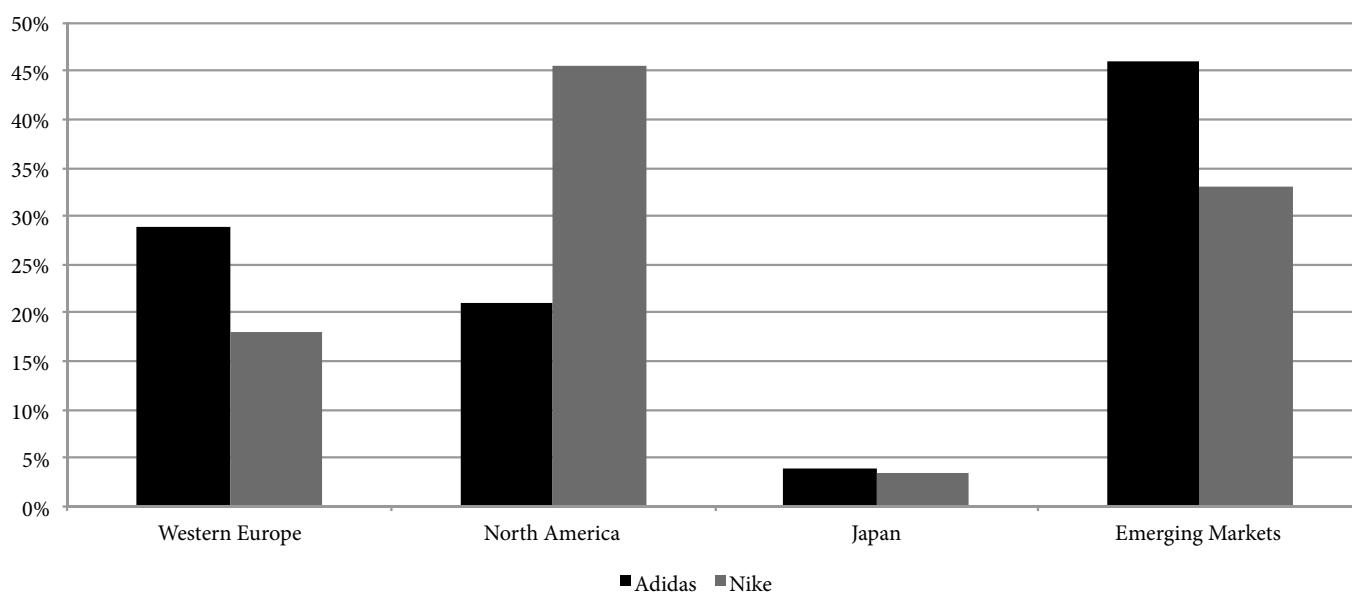
10.6%	ROE	25.7%
5.4%	ROA	15.9%
48.3%	Gross Margin (2013)	45.2%
4.3%	Net Margin (2013)	9.7%
7.0%	Revenue Growth (5Y CAGR)	7.9%
25.3%	Net Income Growth (5Y CAGR)	7.2%
21.0%	Debt / Equity	12.1%
18.8x	Price / Earnings (TTM)	29.3x
2.0x	Price / Book	6.5x
8.9x	EV / EBITDA	16.1x
2.6%	Dividend Yield	1.1%

DATA SOURCE: THOMSON REUTERS EIKON AS AT 12/12/2014

ADIDAS: VS NIKE - MARKET EXPOSURES

- Adidas has a higher exposure to emerging markets which currently is a performance drag
- Political and economic uncertainty in Europe (especially Russia) also weighs on Adidas versus Nike
- As long-term investors, we prefer Adidas' higher exposure to the emerging market consumer

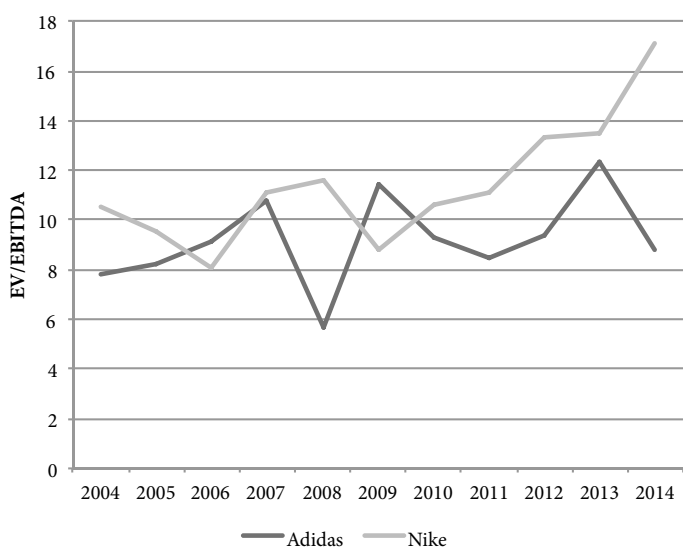
Adidas vs Nike – Revenue Breakdown by Region



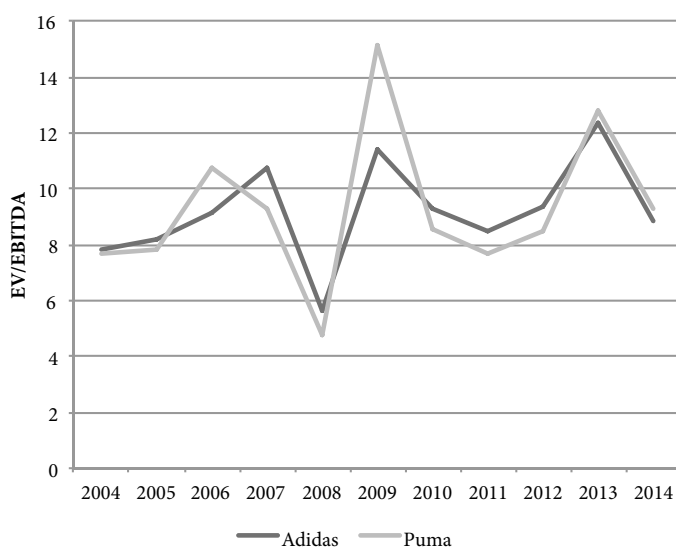
ADIDAS: VS NIKE VS PUMA - HISTORICAL EV/EBITDA ANALYSIS

- Adidas is cheaper than Nike and Puma based on historical EV/EBITDA spreads
- Adidas vs Nike – Over the last year, valuation multiples have diverged markedly. The valuation gap between Adidas and Nike is higher than the historical average
- Adidas vs Puma – Historically, Adidas has traded at a slight premium to Puma. Currently, it is trading at a slight discount

Adidas vs Nike - Historical EV/EBITDA*



Adidas vs Puma - Historical EV/EBITDA*

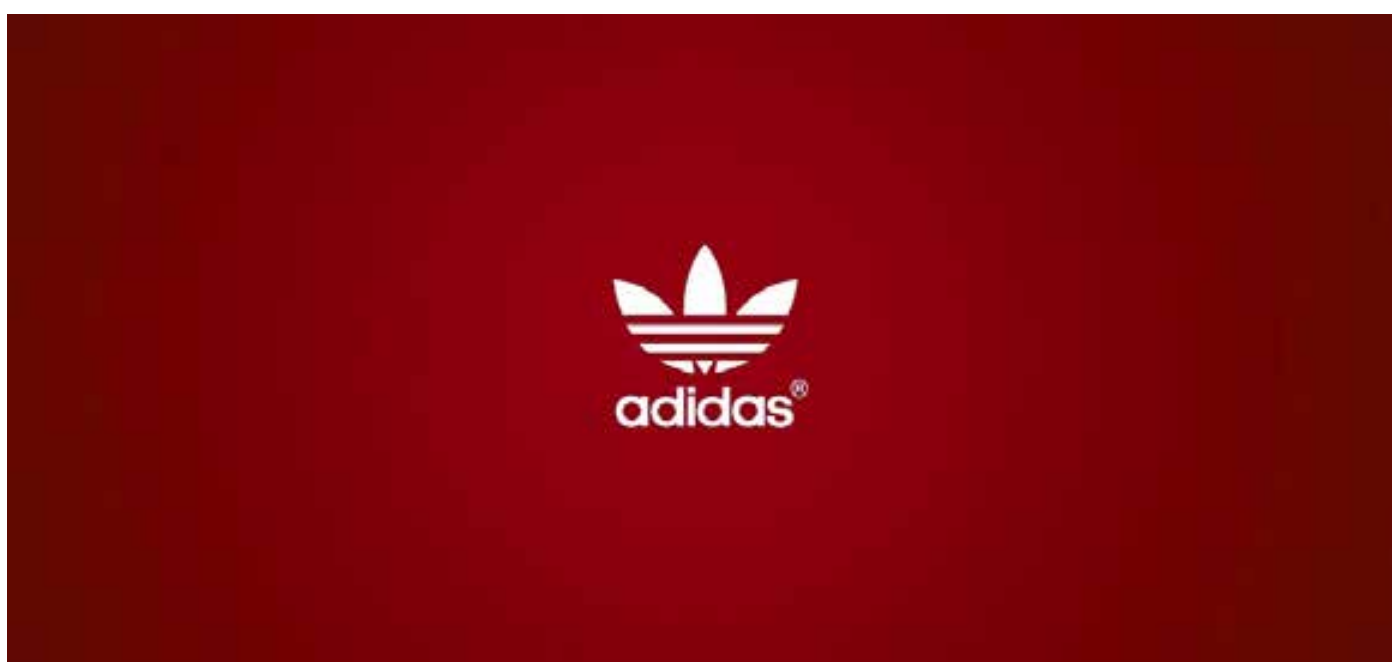
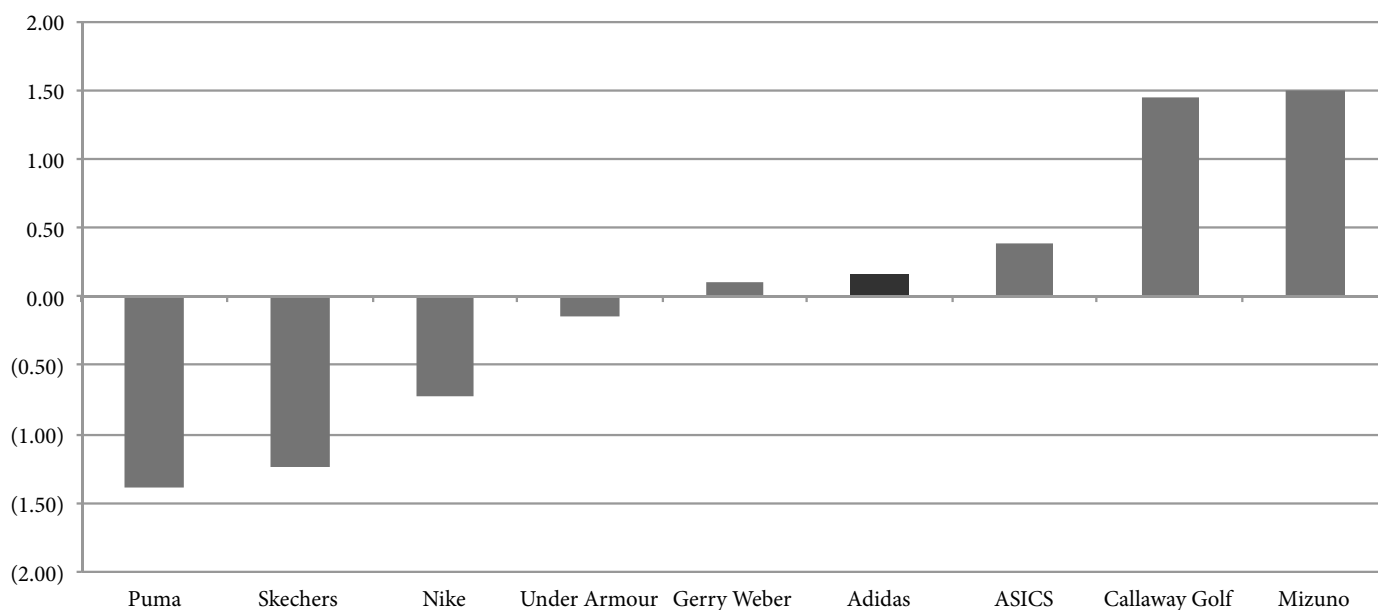


* DATA SOURCE: THOMSON REUTERS EIKON AS AT 20/12/2014

ADIDAS: LEVERAGE

- The Company has higher financial leverage when compared to its peers* based on Net Debt / EBITDA ratio (0.16x)
- However, on an absolute basis, the Company's debt levels are conservative

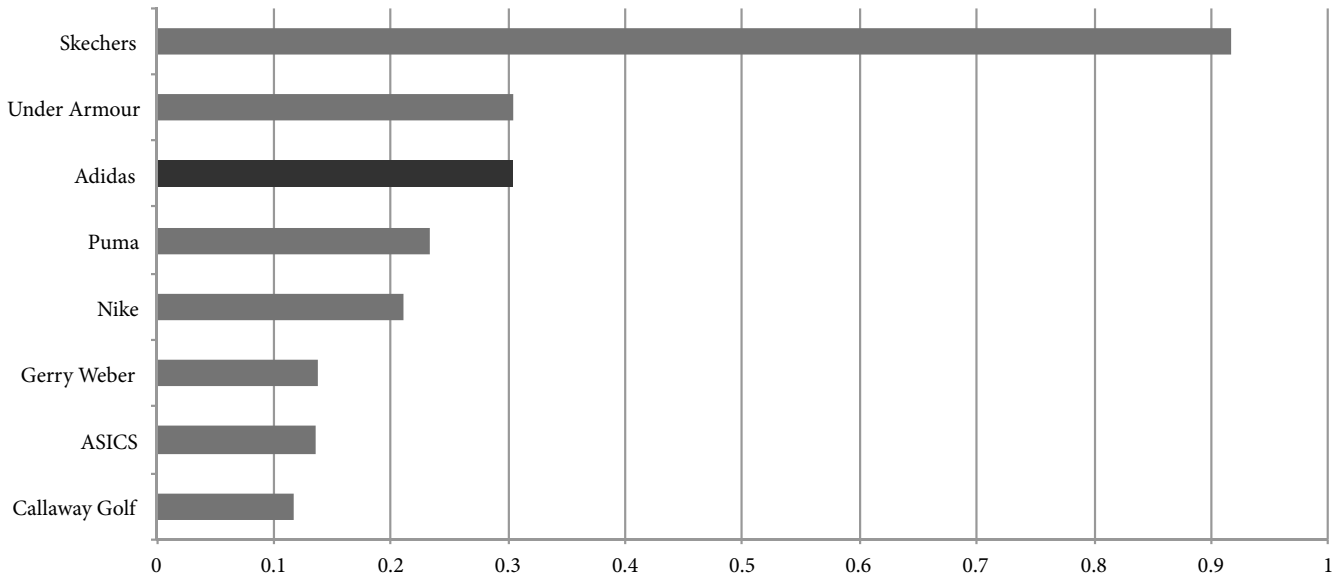
Adidas - Net Debt/EBITDA



* DATA SOURCE: THOMSON REUTERS WORLDSCOPE AS AT 12/12/2014

ADIDAS: LEASE LIABILITIES

Adidas – Operating Lease/Equity

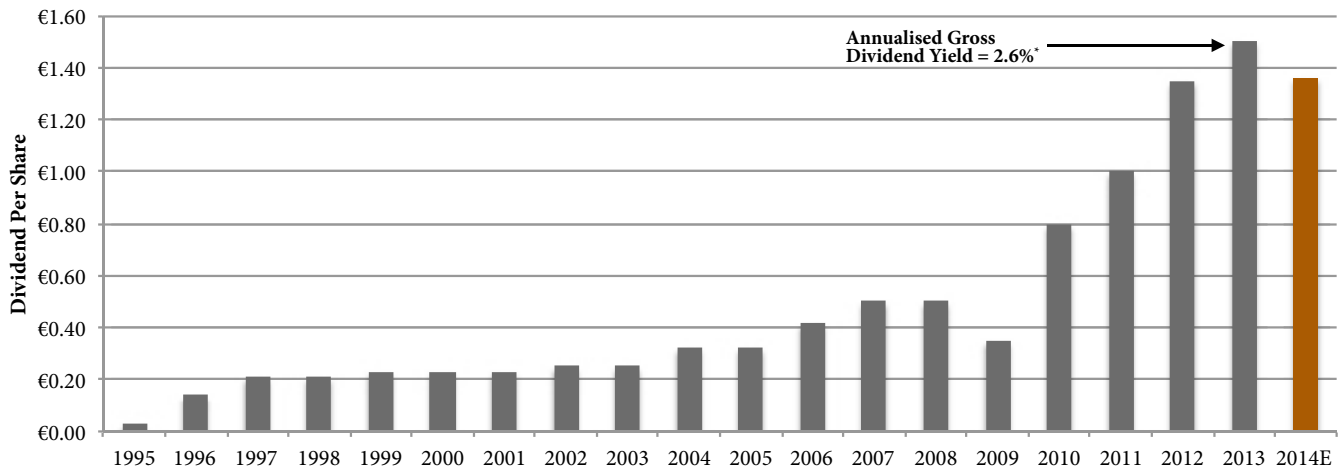


- The Company's financial position relative to lease liabilities is reasonable on an absolute basis



ADIDAS: DIVIDENDS

Adidas – Dividend History



“In light of the strong generation of cash flow from operating activities in 2013, Management will recommend paying a dividend of € 1.50 to shareholders at the Annual General Meeting (AGM) on May 8, 2014... The proposal represents a payout ratio of 37.4% of net income attributable to shareholders excluding goodwill impairment losses, compared to 35.7% in the prior year. This complies with our dividend policy, according to which we intend to pay out between 20% and 40% of net income attributable to shareholders annually. Based on the number of shares outstanding at the end of 2013, the dividend payout will thus increase 11% to € 314 million”

ADIDAS 2013 ANNUAL REPORT

* AS AT 10/12/2014

** STARMINE ESTIMATE

ADIDAS: POSSIBLE INVESTOR ACTIVISM

- Recent press reports suggest that a group of hedge funds were seeking to acquire a stake in Adidas to pressure management for a break-up/spinoff of key brands
- These are exactly the reasons we became interested in Adidas and began to accumulate a position prior to this news

Adidas shares jump on report of hedge fund activism

Wed Sep 17, 2014 11:33am EDT

(Reuters) - Shares in sportswear maker Adidas ([ADSGn.DE](#)) jumped on Wednesday on a report that a group of [hedge funds](#) is seeking to buy a stake to pressure management to make sweeping changes, although one of the funds dismissed this.

Germany's manager magazine said hedge funds including Knight Vinke, Third Point and TCI were considering buying stake in the world's second-largest sportswear company, driving a 4 percent jump in its shares.

But Eric Knight, founder of activist fund Knight Vinke, poured cold water on the report: "We don't have a shareholding and it's not something we're following," Knight told Reuters.

Citing unnamed financial sources, the magazine said the funds would seek radical changes at Adidas, including the removal of Chief Executive Herbert Hainer and the possible spin off of fitness brand Reebok and golf label TaylorMade.

An Adidas spokeswoman declined to comment on the magazine report. But she also said: "We constantly conduct an open and constructive dialogue with investors."

TCI and Third Point declined to comment.

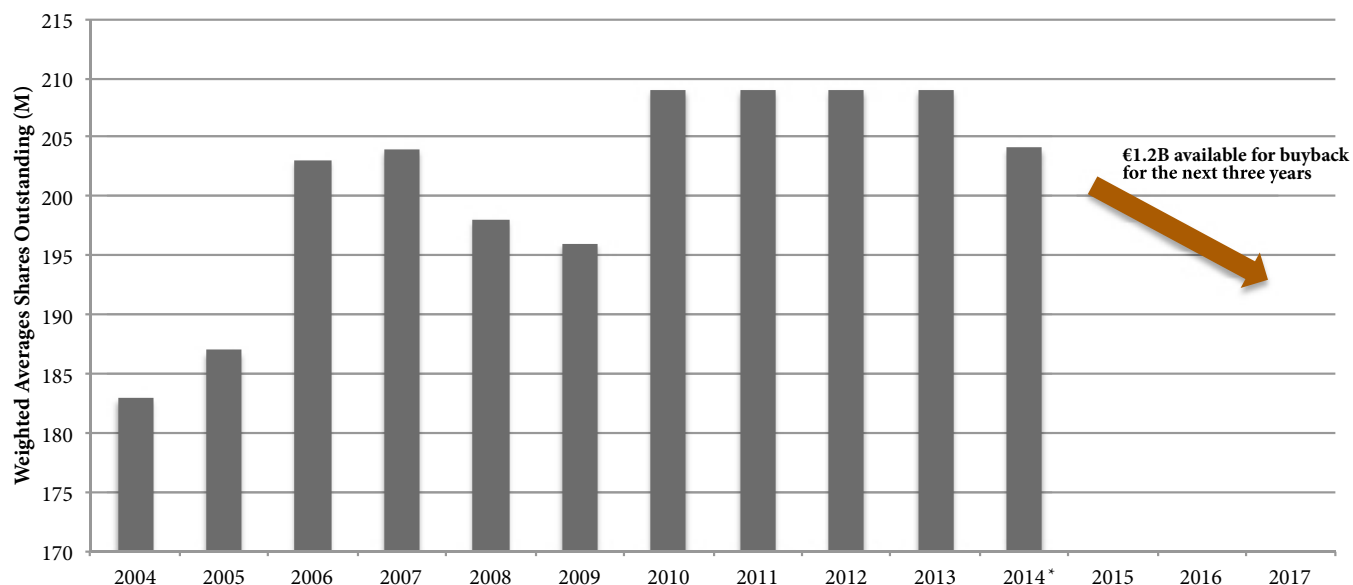


SOURCE: [HTTP://WWW.REUTERS.COM/ARTICLE/2014/09/17/US-ADIDAS-HEDGEFUNDS-IDUSKBN0HC0SR20140917](http://www.reuters.com/article/2014/09/17/us-adidas-hedgefunds-idUSKBN0HC0SR20140917)

ADIDAS: SHARE BUYBACK - €1.2B STILL TO BUY

- On 1 October 2014, Adidas announced a share buyback program of up to €1.5B to be undertaken over the next three years
- The first tranche of the share buyback program was commenced in November and so far 4.9M shares (2.34% of the 209M shares previously outstanding) have been bought back for ~€300M

Adidas - Weighted Average Shares Outstanding*



ADIDAS: POTENTIAL SPIN-OFFS/DIVESTMENTS



ROCKPORT

Date	Acquirer	Target	Price	Price/Sales
June 2011	VF Corp	Timberland	US\$2B	1.40x
April 2014	DSW	Town Shoes	US\$62M	0.23x
May 2004	Quiksilver	DC Shoes	US\$87M	0.87x
July 2003	Nike	Converse	US\$305M	1.49x
Average:				1.00x
Median				1.13x
Implied Value				€305M

DATA SOURCE: VARIOUS MEDIA SOURCES – GOLF DIGEST, GABELLI & COMPANY RESEARCH, ADIDAS ANNUAL REPORTS AND PUMA ANNUAL REPORTS

ADIDAS: POTENTIAL SPIN-OFFS/DIVESTMENTS



Date	Acquirer	Target	Price	Price/Sales
2012	TaylorMade	Adams Golf	US\$89M	0.8x
2011	Fila Korea	Acushnet	US\$1.2B	1.0x
2011	Adams Golf	Yes	US\$1.7M	0.7x
2010	Puma	Cobra	US\$140M	0.7x
Average:				0.8x
Implied Value				€1.1B

DATA SOURCE: VARIOUS MEDIA SOURCES – GOLF DIGEST, GABELLI & COMPANY RESEARCH, ADIDAS ANNUAL REPORTS AND PUMA ANNUAL REPORTS

ADIDAS: RECENT DEVELOPMENT - REEBOK DIVESTMENT OPPORTUNITY?

POTENTIAL OFFER FOR REEBOK

Soon after the release of our initial Adidas presentation in September, a consortium of investors from Abu Dhabi and Hong Kong were speculated to have made an offer of US\$2.20B (€1.70B) for Reebok.

We value Reebok at €2.50B and see this initial offer as a positive development which may yield an increased offer and a chance for Adidas to divest an asset which has been troubled since it was acquired in 2006.



Reebok + Reebok CCM	
% of Adidas Total Revenue	12.70%
2014 Revenue Estimate*	€1,970.5M
Average Peer Group Price/Sales Ratio	1.95x
35% Discount to Peer Group P/S	1.27x
Implied Value for Reebok + Reebok CCM	€2,497.7M



* SOURCE: ADIDAS 2014 1H REPORT AND MANAGEMENT ESTIMATES

ADIDAS: ELEVATION CAPITAL VALUATION RANGE

Elevation Capital Estimated

Intrinsic Value Range:

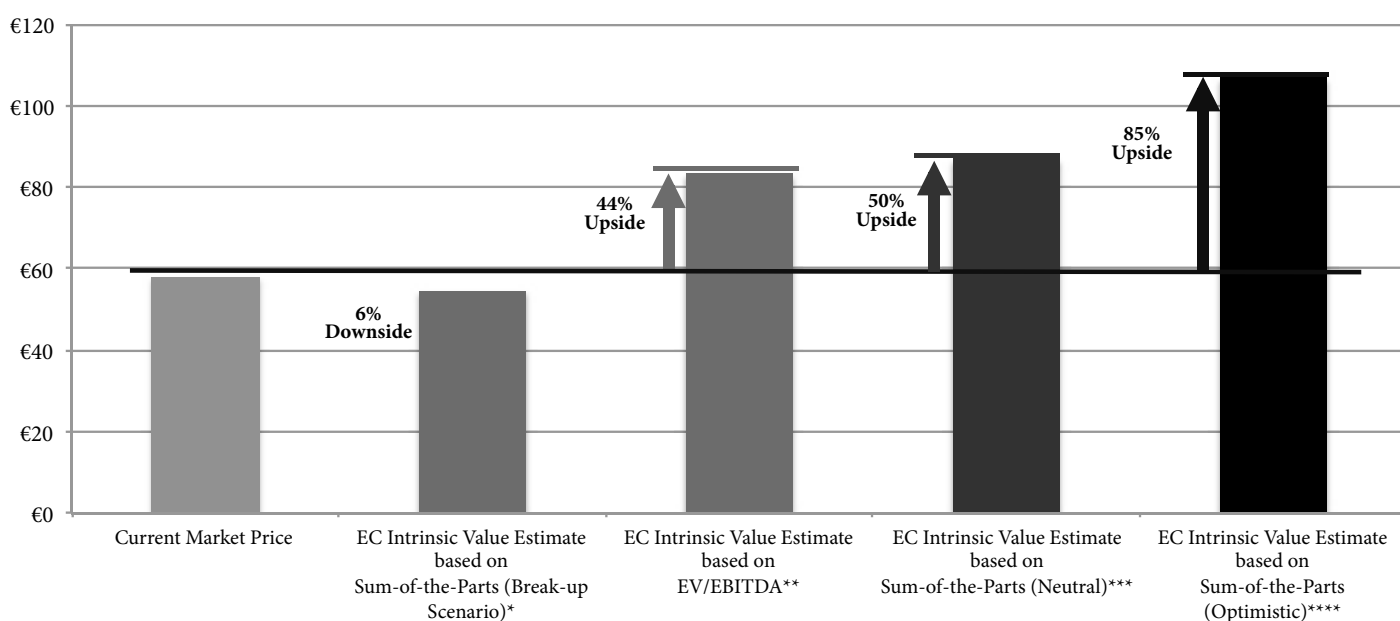
€54.52 -
€106.86 PER
SHARE

Downside / Upside Potential

Range:

-6% - +85%

Valuation Summary



CURRENT MARKET PRICE AS AT 10 DECEMBER 2014

* REFER SOTP (BREAK-UP SCENARIO) SLIDE

** BASED ON PEER GROUP AVERAGE EV/EBITDA MULTIPLE

*** BASED ON 25% DISCOUNT TO PEER GROUP AVERAGE P/S MULTIPLE APPLIED TO ADIDAS AND 35% DISCOUNT TO PEER GROUP AVERAGE P/S MULTIPLE TO REEBOK BRANDS, AND AVERAGE INDUSTRY TRANSACTION P/S MULTIPLES APPLIED TO TAYLORMADE AND ROCKPORT

**** BASED ON PEER GROUP AVERAGE P/S MULTIPLE APPLIED TO ADIDAS AND REEBOK BRANDS, AND AVERAGE INDUSTRY TRANSACTION P/S MULTIPLES APPLIED TO TAYLORMADE AND ROCKPORT

ADIDAS: SUM-OF-THE-PARTS (BREAK-UP SCENARIO)

- Below we present a conservative scenario in which the Company is broken up at what we consider to be low industry multiples
- Adidas currently trades at 0.8x revenue, which we discount to 0.75x to generate a base-case value for the Adidas brand
- We value Reebok based on a speculated offer price of €1.7B
- TaylorMade's valuation is based on the multiple paid for Cobra Golf by Puma in 2010. This was the lowest multiple paid for a major golf brand in recent years, clearly a conservative assumption given TaylorMade's position as a market leader
- We believe that our conservative break-up scenario valuation, while unlikely in its entirety, highlights the "Margin of Safety" on offer in Adidas at current prices

Segment	Revenue	Valuation Multiple (P/S)	Valuation	Notes
Adidas	€11,722M	0.75x	€8,791.5M	Below current P/S multiple at which Adidas currently trades (2 nd lowest in peer group)
Reebok	€1,970M	0.86x	€1,700M	Valuation based on recent rumored first offer by PE buyers
TaylorMade	€1,362M	0.7x	€953.5M	Based on multiple paid by Puma for Cobra Golf
Rockport	€306M	0.99x	€305M	Based on reported value at which Adidas is considering selling
Estimated Base Case Equity Value:			€11,750M	
Break-Up Scenario Equity Value Per Share:			€54.52	



* SOURCE: ADIDAS 2014 1H REPORT AND MANAGEMENT ESTIMATES

ADIDAS: KEY RISKS



CURRENCY/GEOPOLITICAL RISKS:

Thus far during FY2014 geopolitical developments and the associated depreciation of currencies have been the most significant source of risk faced by Adidas. The decline of the Russian Ruble (largely the result of the escalating situation in Ukraine) has been a driving force in the downward pressure on Adidas' share price.

DECLINING MARKETS:

The golf market, particularly in the US, has seen a decline in the number of people playing golf and joining golf clubs as members. This change in the outlook for the golf industry has impacted the performance of TaylorMade, one of Adidas' key brands.

COUNTERFEIT RISKS:

The risk of sales being impacted by counterfeit goods, particularly in Asian markets. Adidas products have been susceptible to counterfeit operators in the past.

COMPETITION RISKS:

The increased competitive pressure in the industry recently has been driven by the continued success of the Nike brand and the increased prominence of Under Armour.

ADIDAS: KEY RISKS (CONTINUED)



INTEREST RATE RISKS:

Adidas has sought to insulate itself from interest rate risk by issuing convertible bonds with low interest rates. However, they also raise debt capital in the short-term money market by issuing short maturity zero coupon bonds/notes. A sudden upturn in interest rates would increase Adidas' cost of capital substantially relative to companies which have borrowed long.

EMERGING MARKET RISKS:

There are assorted risks in emerging markets which are not present in developed countries. Adidas' recent expansion in Russia and Eastern Europe has seen the realisation of emerging market risks, as uncertainty and political instability have led to a sharp downturn in expectations despite high levels of investment.

LABOUR RISKS:

Reputational risk to Adidas is present in terms of Corporate Social Responsibility. In the past there have been claims that Adidas has utilised child labour. The last such substantiated claim was made in 2000, relating to two factories in Indonesia and publicised in an article in the UK Observer. However, we are satisfied that since this time, Adidas have implemented significant protocols to ensure a certain standard of working conditions and pay for workers globally.

ADIDAS: CONCLUSION

STRONG BRAND

- Adidas is the second most popular sportswear brand on earth
- Brand diffusion, through Adidas Originals (among others), ensures growth in brand awareness as well as a diversification of income streams

DOMINANCE IN SPORT

- Adidas has held a dominant position in soccer/football for decades. However, we like their continued growth into other key sports, for instance cricket in India and basketball (a sport popular in the US as well as the Eastern European markets) into which the Adidas brand has expanded/extended

POTENTIAL SPIN-OFFS / DIVESTMENTS

- We anticipate that the intended spin-off or sale of Rockport will realise ~€300M (€1.43 per share)
- We also believe that Adidas may serve shareholders well by spinning off the TaylorMade brand. This would, based on our calculations, generate ~€1.09B for shareholders (€5.21 per share)
- The speculated US\$2.1B/€1.7B offer for Reebok by a consortium of investors also suggests possible value realisation for shareholders in the near future (€8.33 per share)

WHAT IF THE STATUS QUO PREVAILS?

- It's easy to value stocks based on the premise that management will take action which will result in optimal outcomes for shareholders. In the case of Adidas this would be a consolidation of the business involving the spin-off/sale of non-core brands and a renewed focus on the core Adidas brand. But, all too often management doesn't implement the necessary changes. We always ask ourselves "what if the management continues to kick the can down the road and the status quo prevails?"
- In that case Adidas is still cheap. We have assessed not only the possibility that businesses are spun-off or the Company finds strategic buyers for non-core businesses, but also the possibility that the business stays together and continues to operate as is. In this case we continue to believe the business is fundamentally cheap at these levels

SIZEABLE DISCOUNT TO INTRINSIC VALUE

- We estimate Adidas is trading at 31% - 46% discount to our intrinsic value estimates*, presenting an estimated +44% - +85% upside from the current stock price



ADIDAS: CONCLUSION (CONTINUED)

FAVOURABLE RISK/REWARD PROPOSITION AT CURRENT PRICES

- Adidas' earnings have been negatively impacted by geopolitical and macroeconomic events over the past six months. In the first six months of FY2014, over €100M of operating profit has been wiped off the Income Statement due to currency volatility. Although we are not naive to the risks inherent in currency movements, we do anticipate that the events which have beset Adidas' share price are short term in nature, and that Adidas remains a sound long-term investment prospect
- We view Adidas' current situation as fluid. Several potential factors such as the prospect of shareholder activism, possible spin-off/divestment opportunities and Management's aggressive turnaround effort (e.g., recent poaching of three of Nike's top designers) all suggest a more favourable risk/reward proposition at current prices. In the meantime, the stock is trading close to our conservative break-up value, suggesting limited downside risk. Lastly, existing investors are paid to wait with a dividend yield that leads the industry



ELEVATION CAPITAL MANAGEMENT LIMITED ADVANCED INFO SERVICE PCL [ADVANC:TB]

Research Presentation released in February 2014



AIS: THAILAND - 20TH MOST POPULOUS COUNTRY IN THE WORLD

Area
1.9 x NZ

Population
14.6 x NZ*

GDP:
2.2 x NZ**



THAILAND

VS



NEW ZEALAND

* WIKIPEDIA, POPULATION 66 MILLION

** IMF WORLD ECONOMIC OUTLOOK DATABASE, OCTOBER 2013

AIS: THAILAND - FACTS

THAILAND EXPERIENCED
RAPID ECONOMIC GROWTH
BETWEEN 1985 & 1996



THAILAND IS A
CONSTITUTIONAL
MONARCHY

THAILAND'S PRIMARY
RELIGION IS BUDDHISM
(95%)



AIS: LARGEST MOBILE TELECOM IN THAILAND

43%
OF SUBSCRIBER
MARKET SHARE

53%
OF REVENUE
MARKET SHARE

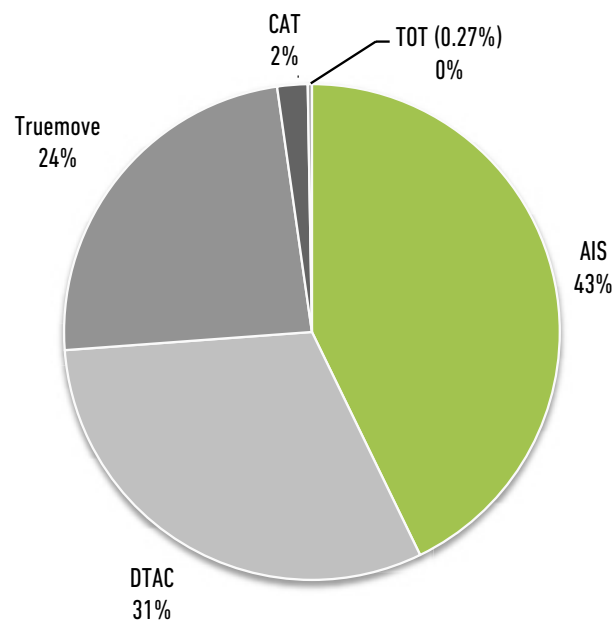
NZD 5,239

MILLION REVENUE*
= 1.25X TELECOM NZ'S
(SPARK'S) REVENUE**

NZD 1,291

MILLION NET PROFIT*
= 5.42X TELECOM NZ'S
(SPARK'S) NET PROFIT**

THAILAND MOBILE SUBSCRIBER - MARKET SHARE



* ADVANC:TB FY2012 RESULTS
** TEL:NZ FY2013 RESULTS

AIS: DIVIDEND GROWTH

24.9%

COMPOUND RATE SINCE 1992

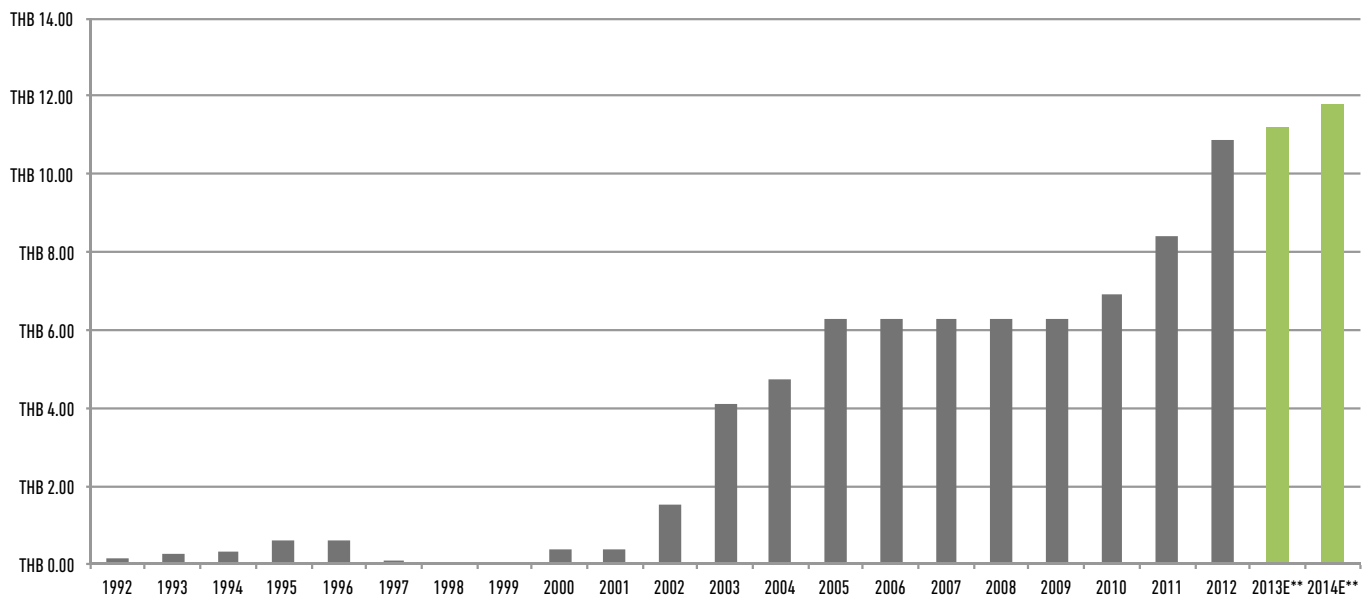
21.5%

COMPOUND RATE FROM
2002 TO 2012

5.6%*

CURRENT GROSS YIELD

AIS Dividend History

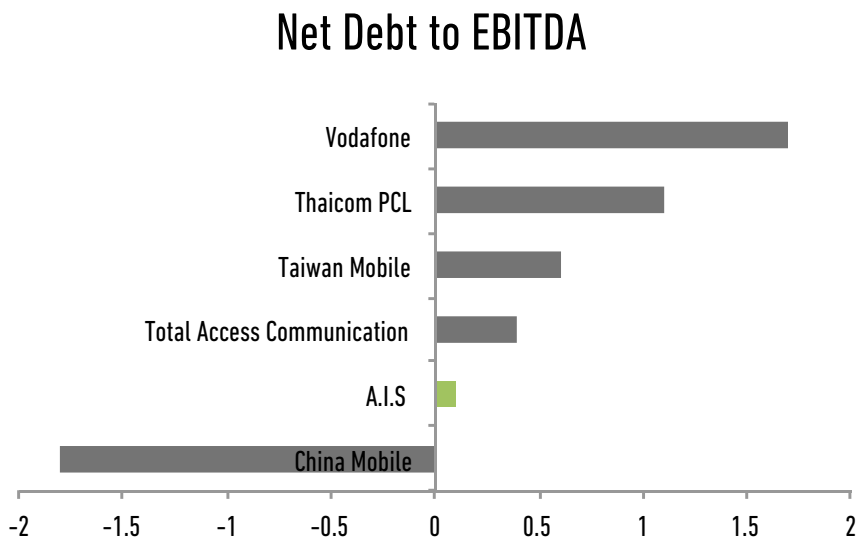
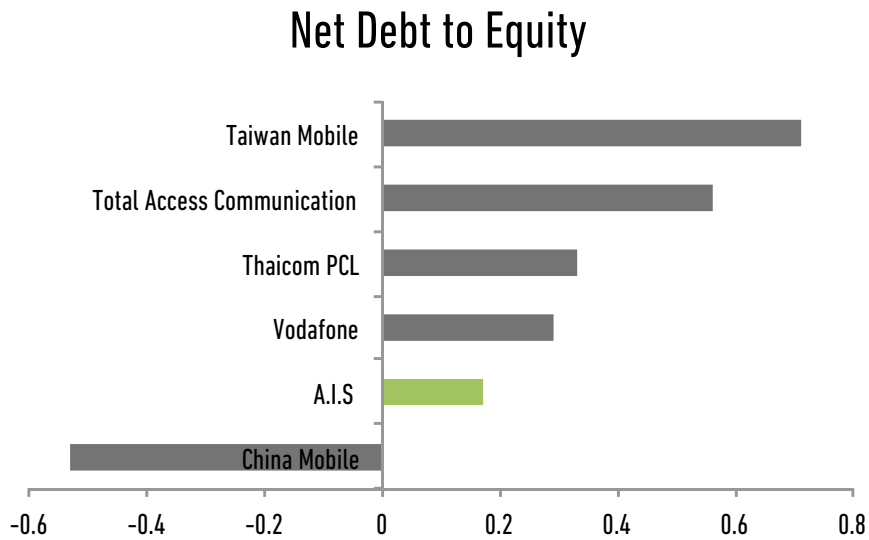


* AS AT 24 FEBRUARY 2014. NET YIELD FOR NEW ZEALAND INVESTORS IS 5% (10% WITHHOLDING TAX)

** THOMSON REUTERS STARMINE FORECAST DATA

AIS: FINANCIAL LEVERAGE

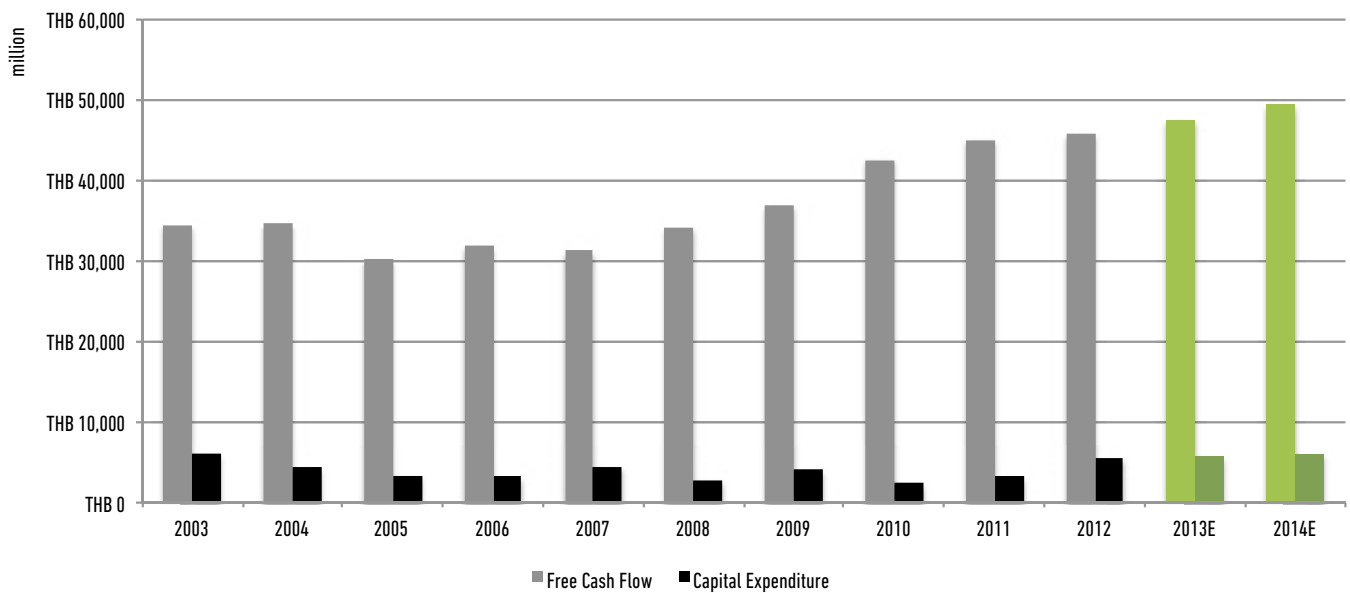
- AIS is 33% less leveraged to its peer group average based on the Net Debt/Equity ratio
- AIS Net Debt is only 0.1x next year's estimated EBITDA



AIS: CASH FLOW GENERATING MACHINE

NZD 1,689 MILLION FREE CASH FLOW*
FREE CASH FLOW YIELD = 7.5%**

AIS Free Cash Flow vs Capital Expenditure



* AIS FY2012 RESULTS

** AS AT 24 FEBRUARY 2014

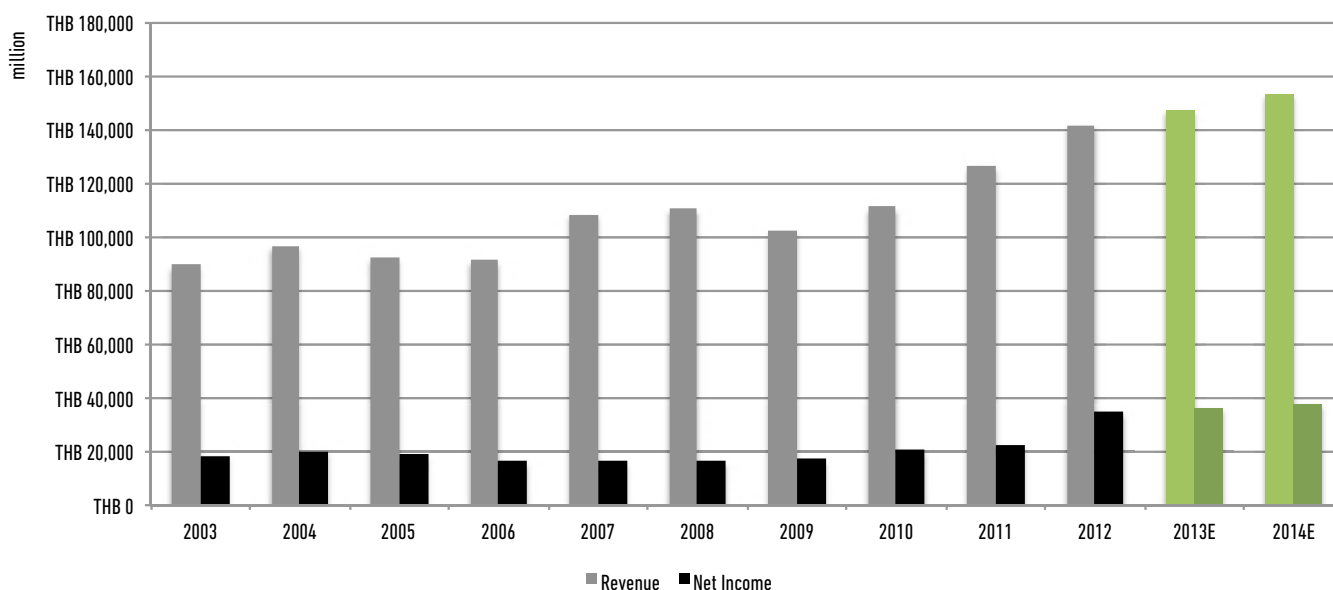
*** THOMSON REUTERS STARMINE FORECAST DATA

AIS: BUSINESS AS USUAL IN A DIFFICULT ENVIRONMENT

REVENUE COMPOUND GROWTH
= +5.2% FROM 2003-2012

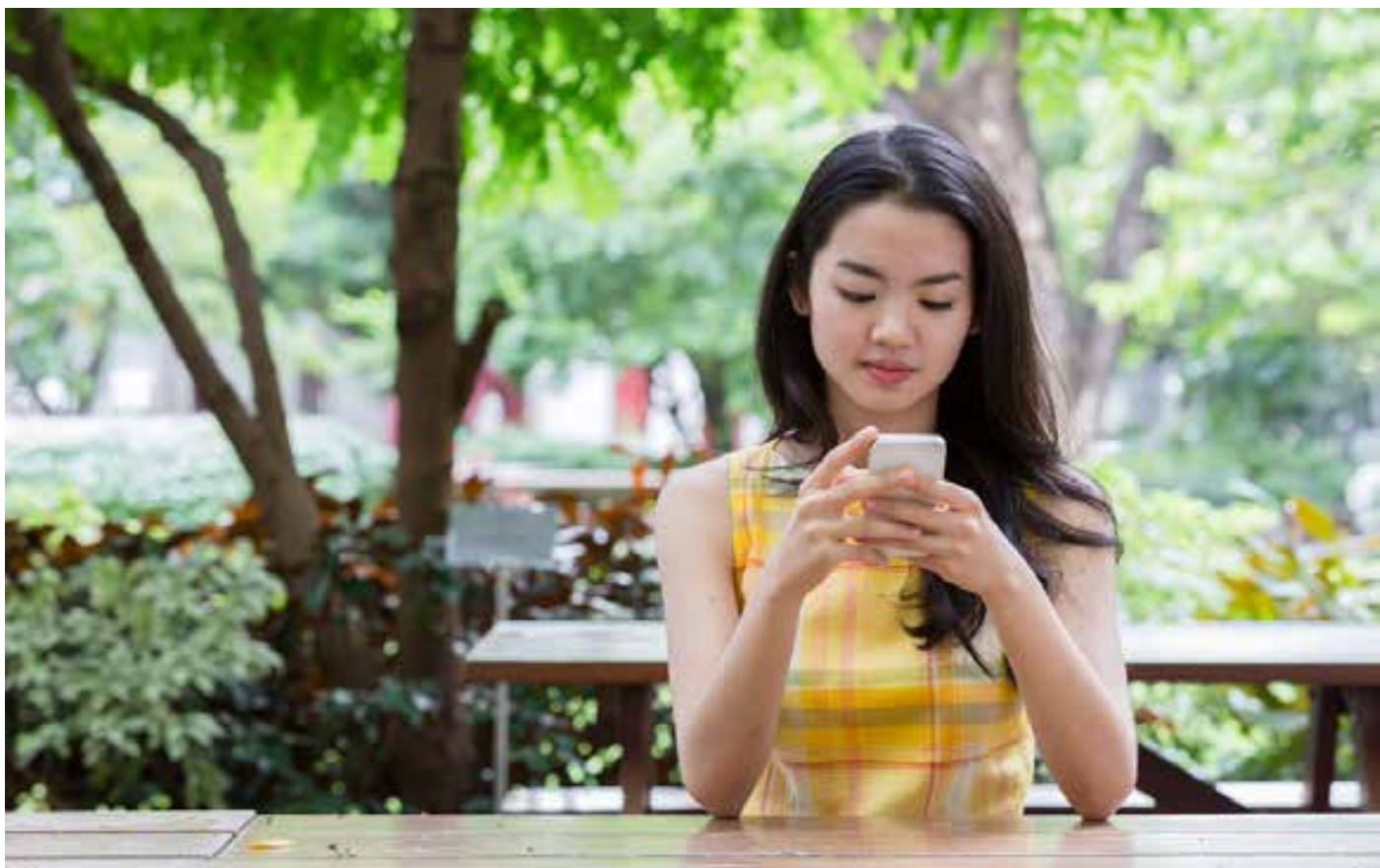
NET INCOME COMPOUND GROWTH
= +7.3% FROM 2003-2012

AIS Revenue and Net Income






* THOMSON REUTERS STARMINE FORECAST DATA

AIS: SMARTPHONE GROWTH FROM A LOW BASE






SMARTPHONE

2012

	Country	%
	Singapore	74%
	Hong Kong	73%
	UAE	64%
	Korea	63%
	Norway	59%
	Saudi Arabia	58%
	Sweden	58%
	Switzerland	56%
	Australia	52%
	Ireland	50%
	Thailand	17%

2013

	Country	%
	Korea	91%
	Hong Kong	83%
	Norway	81%
	Singapore	78%
	Sweden	78%
	UAE	77%
	Taiwan	72%
	Saudi Arabia	68%
	Spain	67%
	Australia	65%
	Thailand	36%

AIS: IPHONES & IPADS

Consumer Business Investor Search | TH | EN

AIS 3G 3G 2100 Postpaid Prepaid Phone & Device Service & Application

service บริการชำระค่าบริการและค่าบริการต่างๆ ที่...
 ระบุเบอร์โทรศัพท์ **บริการออนไลน์**

เลือกอุปกรณ์ ผลการค้นหา 4 items found.

อุปกรณ์: -- เลือก --
 ประเภท: Apple
 ระบบปฏิบัติการ: -- เลือก --
 ค้นหา

Product Name	Price (THB)
iPhone 5 16GB	23,900
iPad mini 16 GB	15,200
iPad with Retina Display 16 GB	20,500
iPhone 4S 16GB	17,500

โปรโมชั่นมือถือราคาพิเศษ!! กับ **Onlineshopping**

WDS



SOURCE: [HTTP://WWW.AIS.CO.TH/](http://www.ais.co.th/)

AIS: GROWTH IN MOBILE INTERNET*

- Overall, mobile internet usage is low by developed markets standards**
 - 56% of mobile phone users do not yet use their mobiles for data or internet
 - 36% Smartphone penetration rate
 - 19% of mobile phone users access social network sites via phone daily
- Lack of fixed line infrastructure drives mobile data demand***
- Internet penetration in rural areas (2/3 of population) is about half of the urban areas****
- Smartphone usage soaring in 2013 – up 112%
- AIS has the economies of scale and market dominance to capture this opportunity



* NON VOICE REVENUE (MOBILE DATA) IS PROJECTED BY THE COMPANY TO GROW AT 25-30% IN 2013

** SUMMARY OF THE TNS ANNUAL GLOBAL MOBILE LIFE STUDY FROM [HTTP://WWW.TECHINASIA.COM/INTERESTED-THAI-MOBILE-MARKET/](http://www.techinasia.com/interested-thai-mobile-market/)

*** FIXED LINE POPULATION PENETRATION = 10.4%** (SOURCE: POLICY FOR RURAL CONNECTIVITY – THE CASE OF THAILAND, BY NIPHON JONGWICHIT - SEPTEMBER 2011)

**** 20.5% VS 37.7% (SOURCE: ICT SURVEY 2012)

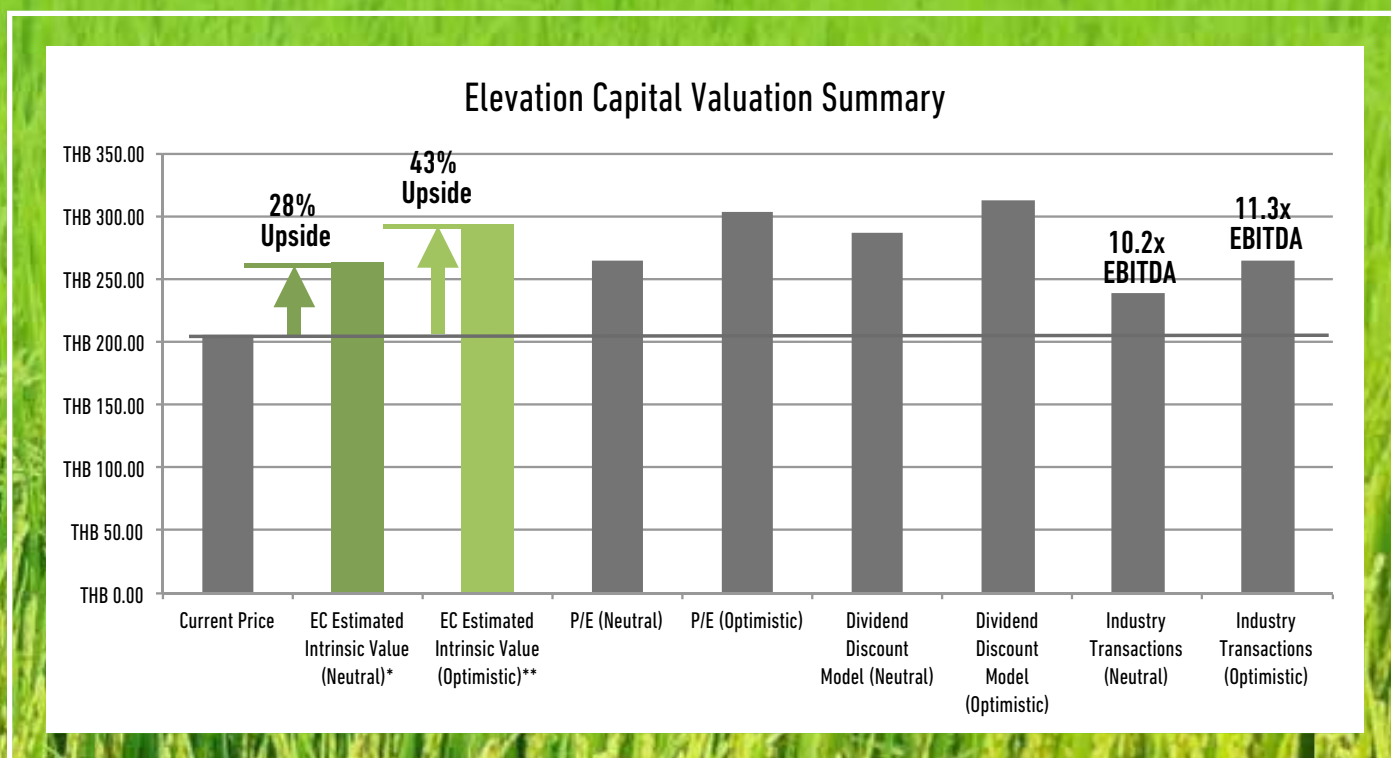
AIS: RECENT INDUSTRY M&A TRANSACTIONS

ACQUIRER	TARGET	YEAR	PURCHASE PRICE	EV/EBITDA
AT&T	Bell South	2006	US\$ 67B	7.1x
MTN	Investcom	2006	US\$ 5.5B	13.4x
Vivendi	GVT	2009	US\$ 4.2B	9.1x
Bharti	Zain Telecom	2010	US\$ 10.7B	11.6x
Hutchison Whampoa	Orange Austria	2012	US\$ 1.7B	7.0x
Vodafone	Kabel Deutschland HG	2013	US\$ 10.4B	12.4x
China Mobile	True Corp	2014	US\$ 880M	11.0x
Average:				10.2x
With 10% EM Premium:				11.3x
Advanced Info Service PCL:				9.2x



SOURCE: ELEVATION CAPITAL RESEARCH

AIS: ELEVATION CAPITAL VALUATION SUMMARY



* THIS INTRINSIC VALUE ESTIMATE IS BASED ON AN AVERAGE OF P/E (NEUTRAL), DIVIDEND DISCOUNT MODEL (NEUTRAL) AND INDUSTRY TRANSACTIONS (NEUTRAL)

** THIS INTRINSIC VALUE ESTIMATE IS BASED ON AN AVERAGE OF P/E (OPTIMISTIC), DIVIDEND DISCOUNT MODEL (OPTIMISTIC) AND INDUSTRY TRANSACTIONS (OPTIMISTIC)

AIS: ELEVATION CAPITAL “MARGIN OF SAFETY”

We believe there is a significant “Margin of Safety” present with an investment in AIS for the following reasons:

- Economies of Scale – AIS is the largest Mobile Telecom in Thailand
 - 43% of market share in terms of customers
 - 53% in terms of revenue
- Competition – Largely Oligopolistic Environment
 - High margins and significant free cash flow generation
- Long-Term Industry Tailwinds with developed markets already highlighting increasing data consumption
 - The market for mobile telecommunication products and services in Thailand is growing strongly and expected to continue doing so
 - Mobile internet is expect to be the main growth opportunity for AIS
- Governance – Intouch Corp as a Major Shareholder (40.45%) which is controlled by Temasek Holdings
- Value – Attractive Discount to Intrinsic Value Estimates (22%-30% discount*) and Past Industry Transactions (14% based on an average of recent transactions)



* BASED ON ELEVATION CAPITAL INTERNAL ESTIMATES

AIS: ELEVATION CAPITAL CONCLUSION

- Political Unrest and Macroeconomic Conditions have caused the Thai market to sell-off aggressively, consequently AIS is now trading at a reasonable discount to our conservative estimated intrinsic value (22% to 30% discount*)
- An improved political outlook should drive share price towards intrinsic value
- It is “business as usual” for AIS in a largely oligopolistic environment



* BASED ON ELEVATION CAPITAL INTERNAL ESTIMATES

ELEVATION CAPITAL MANAGEMENT LIMITED

ARCOS DORADOS HOLDINGS INC [ARCO:US]

Research Presentation released in February 2014



ARCOS DORADOS: COMPANY DESCRIPTION



WORLD'S LARGEST MCDONALD'S FRANCHISEE



NZD 4,557 MILLION REVENUE*
NZD 137 MILLION NET PROFIT*
2,000+ RESTAURANTS

ARCOS DORADOS: VS. RESTAURANT BRANDS NEW ZEALAND

ARCOS DORADOS HAS
14.6X
RESTAURANT BRANDS NZ'S
REVENUE*



ARCOS DORADOS HAS
7.8X
RESTAURANT BRANDS NZ'S NET
PROFIT*

ARCOS DORADOS HAS
11.2X
RESTAURANT BRANDS # OF STORES*

* RESTAURANT BRANDS NZ: FY2013 RESULTS

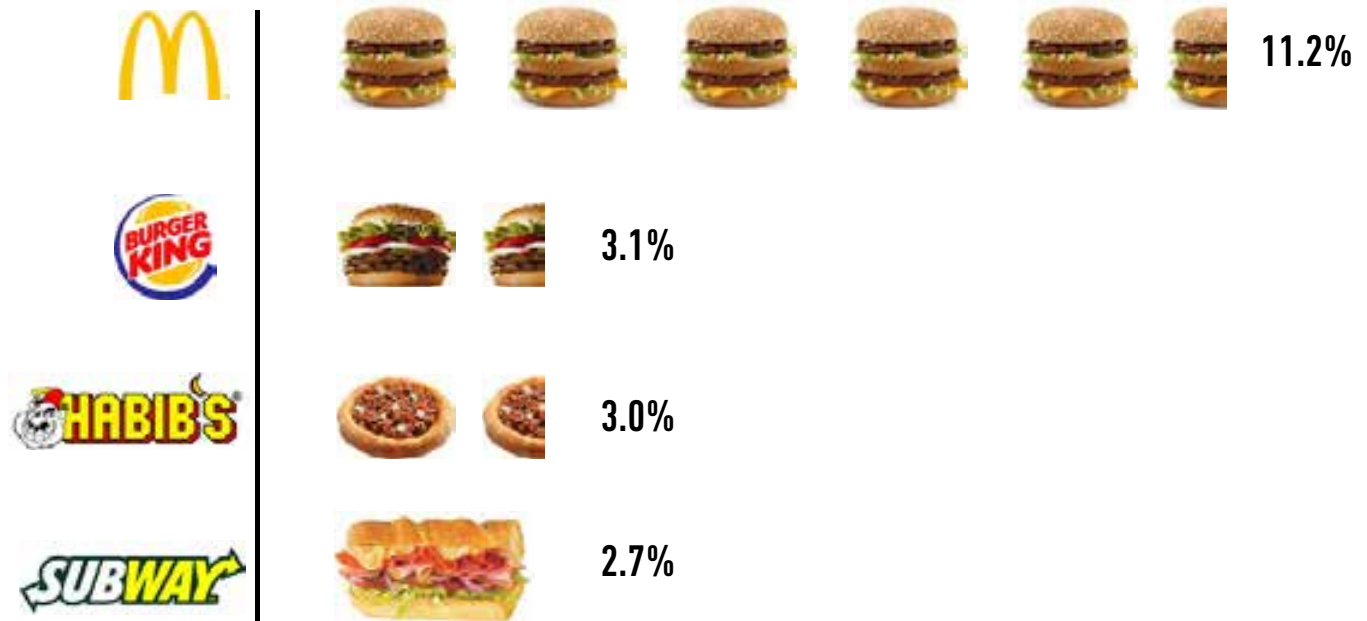
ARCOS DORADOS: "GOLDEN ARCHES"

In 2007, the Arcos Dorados company paid McDonald's \$700M for 1,593 restaurants and the rights to operate McDonald's in Latin America and the Caribbean. The Company was listed on the NYSE - 14 April 2011.



ARCOS DORADOS: #1 BRAND

2012 Market Share*



* COMPANY PRESENTATION – NOVEMBER 2013

ARCOS DORADOS: HUGE GROWTH OPPORTUNITY

USA

For every 1 Million People



There are

44

McDonald's



LATIN AMERICA & CARIBBEAN

For every 1 Million People



There are only

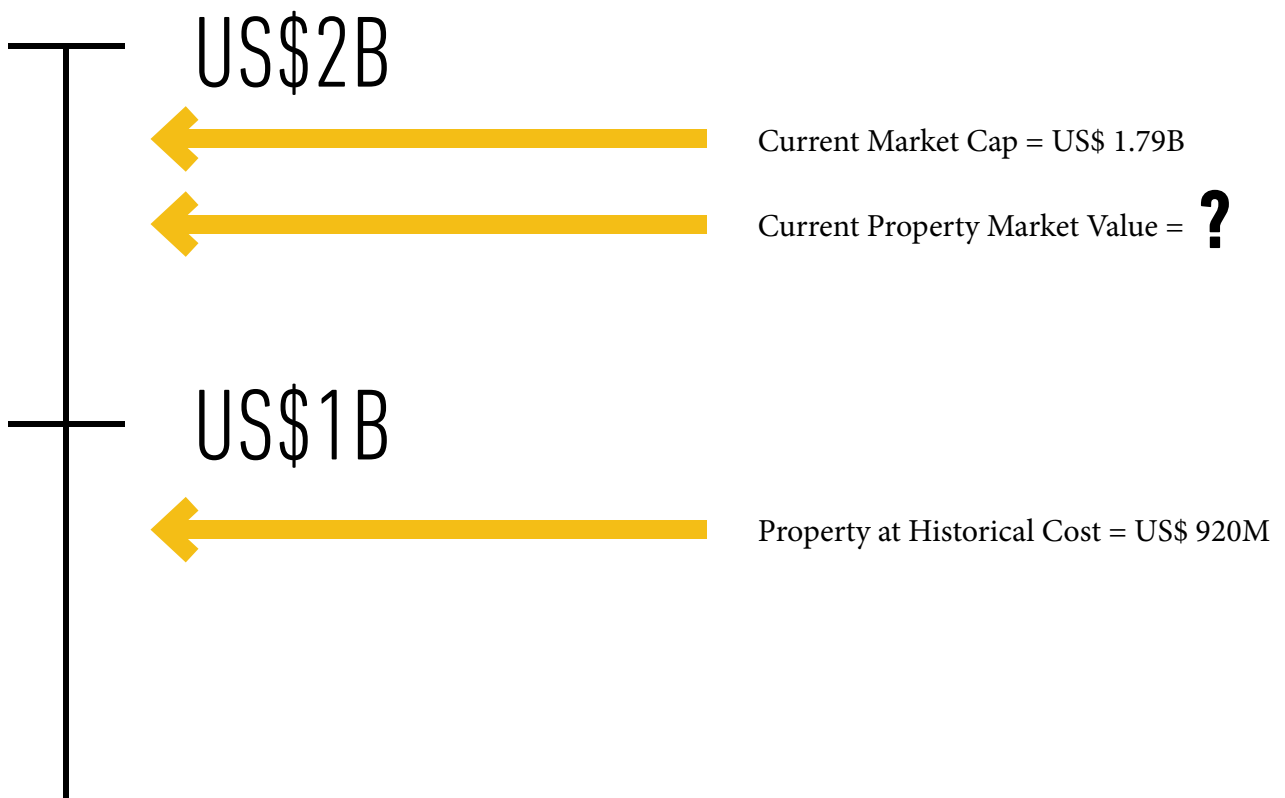
3.3

McDonald's



ARCOS DORADOS: DOWNSIDE PROTECTION

Real Estate Assets



ARCOS DORADOS: ALIGNMENT OF INTEREST

WOODS STATON

- CEO & Chairman & Controlling Shareholder
- #5 richest billionaire in Colombia
- Owns 40% total economic interest in Arcos Dorados
- Holds 76.3% of total voting interest in Arcos Dorados
- Recently (March 2014) purchasing shares on market



EXPERIENCED MANAGER

- He was a joint venture partner with McDonald's in Argentina for over 20 years
- He is a member of the founding family, and was the CEO & Chairman of the highly successful Panamerican Beverages Inc., that was acquired by Coca-Cola Femsa for USD 3.6B in late 2002. At the time it was the largest soft drink bottler in Latin America and one of the three largest bottlers of Coca-Cola products in the world



ARCOS DORADOS: VOLATILE REGION, GROWING FAST

The New York Times
Central bank acts to strengthen Brazilian Real

FT
FINANCIAL TIMES
Venezuela devalues Bolívar by 32%

Buenos Aires Herald
Kirchner's loss seen as win for bondholders

The screenshot shows a news website with several articles. On the left, there's an article titled "Looks good" with a sub-headline "Women scientists and other consumer brands are powering ahead". In the center, a prominent article reads "Brazil Population Tops 200 Million as Middle Class Lives Longer". On the right, a section titled "News" features a headline "Latin America: Middle Class hits Historic High". Below this, a larger article is titled "New World Bank Report Finds 50 Percent Increase in Middle Class in Latin America and the Caribbean over Last Decade". The website includes navigation menus and social media sharing options.



ARCOS DORADOS: POLITICAL & ECONOMIC

CONDITIONS IN KEY MARKETS

VENEZUELA

- 9.2% of revenue in 2012
- Since the rise of Hugo Chavez and his successor Nicolas Maduro, the country has struggled with high levels of inflation and a volatile economic/political situation, with a highly interventionist government

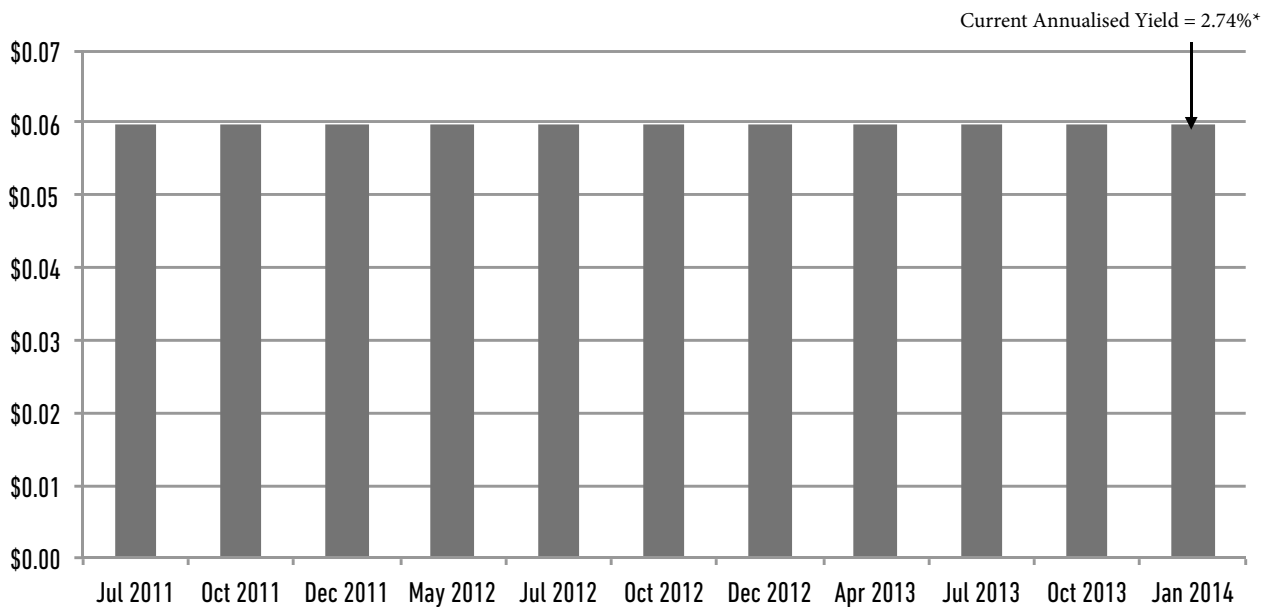
ARGENTINA

- 15.7% of revenue in 2012
- The country has suffered from high levels of inflation and an uncertain political situation, with Cristina Fernandez De Kirchner demonstrating a willingness to nationalise businesses in order to appease nationalist sentiment
- Argentina has an unsustainable currency regime. There is an official rate to the US\$, but the black market rate is only half

In Elevation Capital's view, the political and economic woes faced by the South American continent, including the depreciation of currencies related to tapering in the US are increasingly reflected in the current valuation of Arcos Dorados

ARCOS DORADOS: DIVIDEND HISTORY

QUARTERLY DIVIDEND HISTORY SINCE IPO

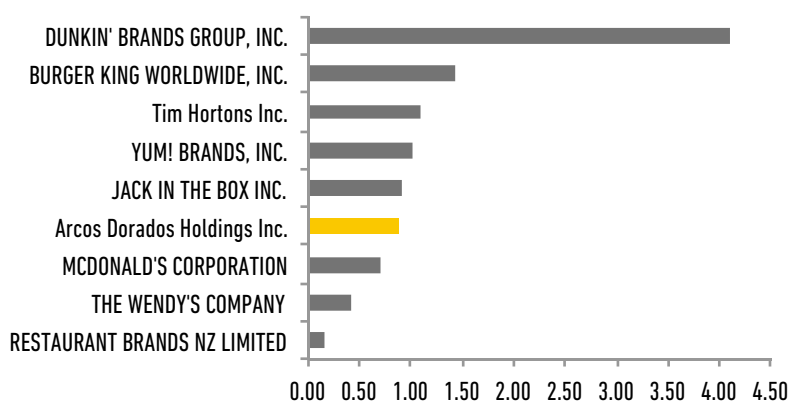


* AS AT 24 FEBRUARY 2014

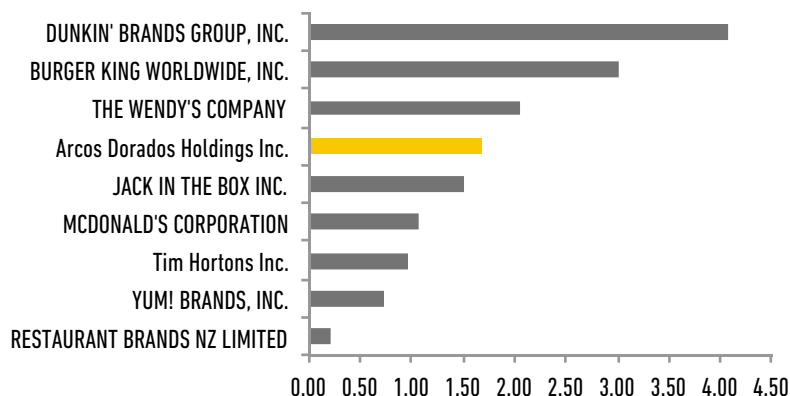
ARCOS DORADOS: FINANCIAL LEVERAGE

- Arcos is 26% less leveraged to its peer group average based on the Net Debt/Equity ratio
- Arcos' net debt is only 1.68x next year's estimated EBITDA

Net Debt/Equity



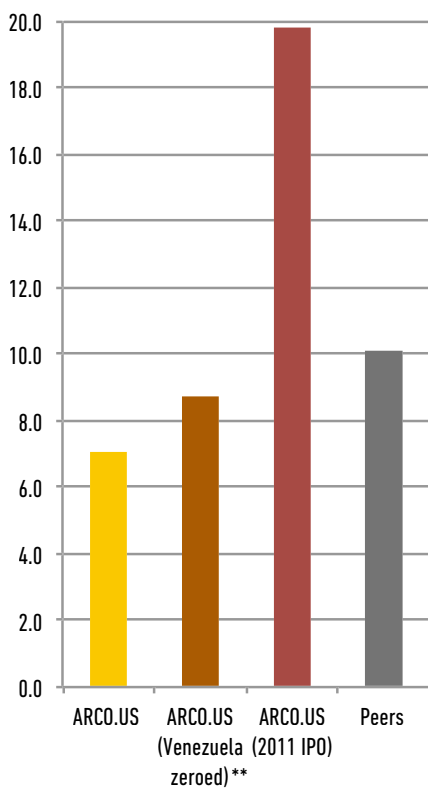
Net Debt/EBITDA FY1



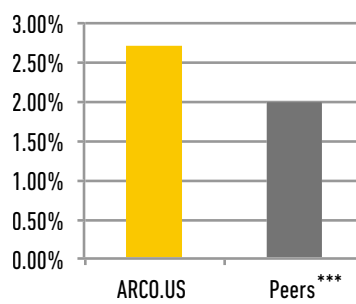
ARCOS DORADOS: ARCOS DORADOS VS. PEERS VALUATION

One reason Arcos' P/E ratio seems high is that they are spending current earnings on rolling out more stores

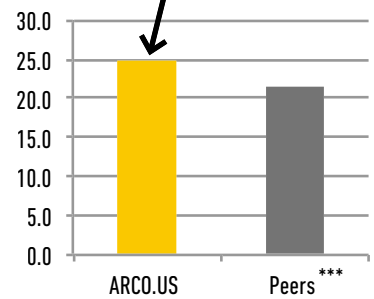
F12M EV/EBITDA



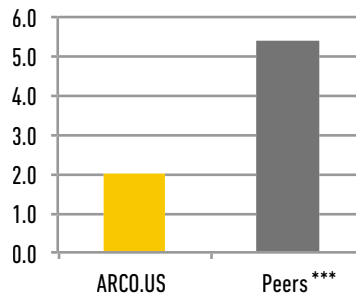
F12M Div. Yield



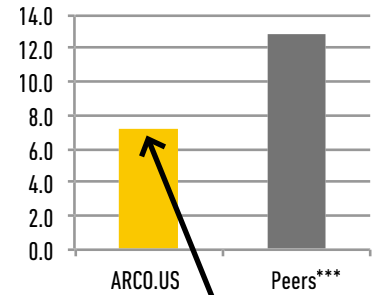
F12M P/E



F12M P/B



F12M P/CF



Better to focus on Operating Cash Flow given current roll-out strategy

DATA SOURCE: THOMSON REUTERS EIKON / WORLDSCOPE DATA AS 24 FEBRUARY 2014

** WE REDUCED FY14E EBITDA BY 19.1% TO ZERO VENEZUELA. IF WE ALSO ZEROED ARGENTINA, THE FORECAST F12M EV/EBITDA RATIO WOULD BE 12.9X

*** THE PEER GROUP CONSISTS OF DUNKIN BRANDS INC (DNKN:US), YUM BRANDS (YUM:US), MCDONALDS CORPORATION (MCD:US), RESTAURANT BRANDS NZ (RBD:NZ), BURGER KING(BKW:US), THE WENDYS CO (WEN:US), JACK IN THE BOX INC (JACK:US), TIM HORTONS INC (THI:US)

**** F12M P/CF IS BASED ON FORECASTED CONSENSUS CASH FLOW PER SHARE FROM IBES. IBES' DEFINITION OF CASH FLOW PER SHARE IS A CORPORATION'S CASH FLOW FROM OPERATIONS, BEFORE INVESTING AND FINANCING ACTIVITIES, DIVIDED BY THE WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING FOR THE YEAR

ARCOS DORADOS: ARCOS DORADOS VS. WESTLIFE DEVELOPMENT

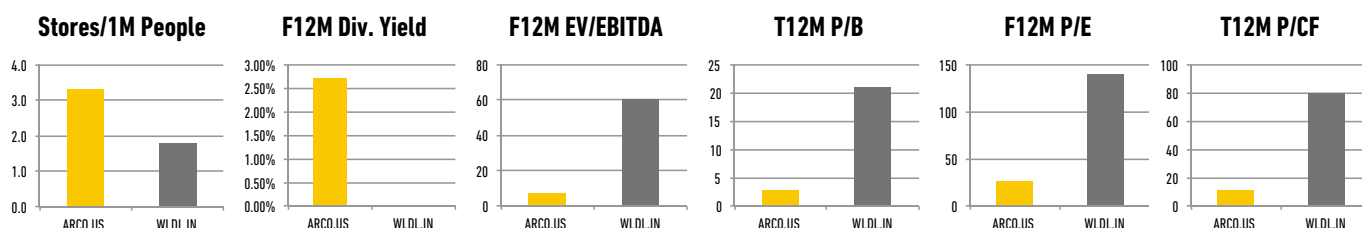
ARCOS DORADOS HOLDINGS INC [ARCO:US]

- The world's largest McDonald's franchisee (2012 Sales = US\$3.8B)
- 2,000+ restaurants in 20 countries and territories
- Population in Caribbean and Latin America = ~600 million

WESTLIFE DEVELOPMENT LIMITED [WLDL:IN]

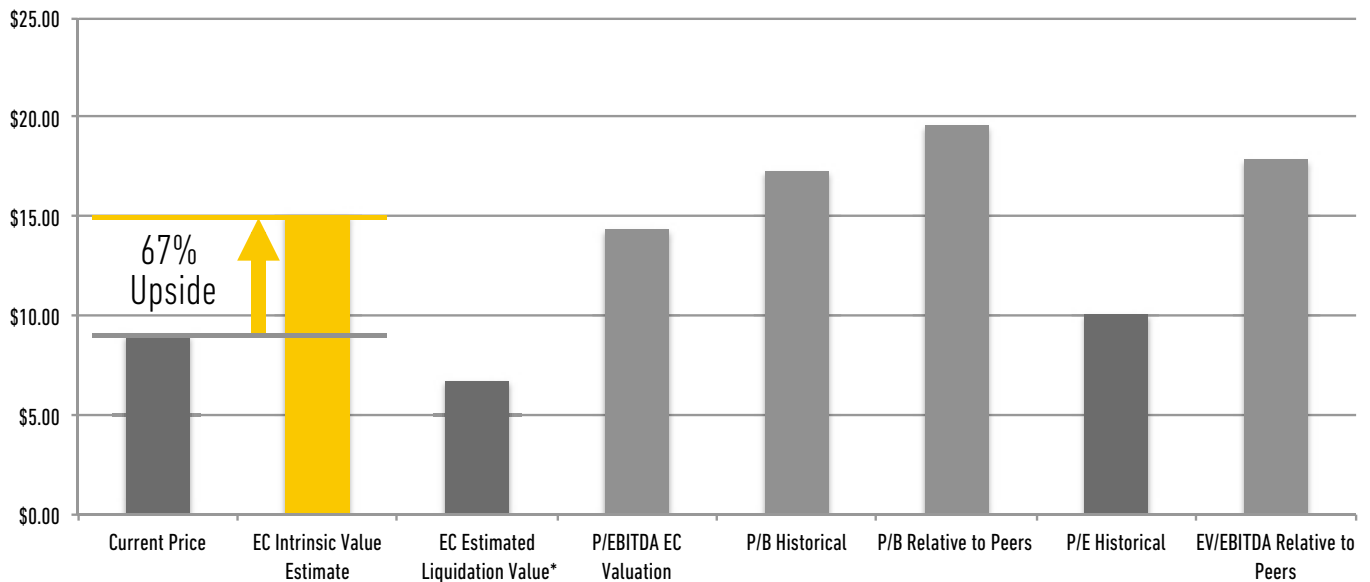
- McDonald's franchisee for West and South India (2013 Sales = US\$110M)
- 174 restaurants
- Target Population = ~98 million

PREFER ARCOS DORADOS ON ALL KEY FINANCIAL METRICS:



ARCOS DORADOS: ELEVATION CAPITAL VALUATION

Valuation Summary



Current Share Price (27/2/14)	\$9.02	Discount to EC Intrinsic Value Estimate	40%
EC Intrinsic Value Estimate**	\$15.01	Upside Potential	67%



*EC ESTIMATED LIQUIDATION VALUE FOR ARCOS DORADOS IS BASED ON DIVIDENDS UNTIL 2027 AND SALE OF PROPERTY IN 2027 AT A 10% DISCOUNT TO BOOK VALUE

** EC INTRINSIC VALUE ESTIMATE FOR ARCO.US IS BASED ON A COMBINATION OF P/EBITDA AND PEER MULTIPLES

ARCOS DORADOS: ELEVATION CAPITAL VIEW

- Strong brand name and competitive position (moat)
- Significant growth potential (growing middle class in Latam)
- Exposure to...
 - Property sector providing a base for share price and contributing to upside potential
 - Emerging market consumer base continues to expand
- Attractive dividend yield of 2.74%* for a “growth company”
- Political/economic situations in Venezuela and Argentina are increasingly reflected in what we believe to be a very attractive valuation for an investor prepared to invest over a multi-year time horizon**
- “Downside protection” in the real estate assets owned by the company that are recorded at historical cost
 - Property prices in Latin America have grown strongly over the last decade. For example, since 2008 the property prices have increased by 194% in Rio de Janeiro, and 159% in Sao Paulo
- Potential corporate action
 - We believe it is possible McDonald’s could look to “buy-in” Arcos Dorados to improve its underlying growth numbers
- ‘Margin of Safety’
 - We suggest that Arcos Dorados is trading not far from the market value of its real estate assets (many are in prime locations), and the market is currently attributing very little value to the actual business that operates an iconic brand, has economies of scale, huge growth potential and great management whom are heavily aligned with investors
 - Additionally, this is a business where the “future” has already occurred in other parts of the world
 - We believe these factors create an attractive “Margin of Safety” in the investment at current prices

* AS AT 24 FEBRUARY 2014

** BASED ON ELEVATION CAPITAL RESEARCH

15¢

McDonald's
SPEEDEE SERVICE SYSTEM

HAMBURGERS

We have Sold OVER 50 MILLION



APPENDIX: ARCOS DORADOS HOLDINGS INC. [ARCO:US] MCDONALD'S - BACKGROUND

MCDONALD'S CORPORATION: COMPANY DESCRIPTION

McDonald's is one of the most ubiquitous names in the fast food industry. The company started off as a BBQ restaurant in 1940 by the McDonald brothers. It was restructured as a hamburger joint in 1948, and the first franchise was opened soon after. Ray Kroc was the first franchise owner and later brought the brand from the brothers. He is responsible for reinvigorating the brand and the global company it is today.

1.8M
EMPLOYEES
WORLDWIDE

US\$27.6BN
IN REVENUE
EARNED IN 2012



MCDONALD'S HAS A
NETWORK OF
34,900
RESTAURANTS IN 119
COUNTRIES

THE COMPANY RANKS
111
IN THE FORTUNE 500

SECTOR: CONSUMER DISCRETIONARY | INDUSTRY: HOTELS, RESTAURANTS & LEISURE
SUB-INDUSTRY: RESTAURANTS | TICKER: MCD

MCDONALD'S CORPORATION: BUSINESS MODEL

McDonald's primarily utilises a franchise business model with 81% of its outlets run as franchises:

COMPANY OPERATED



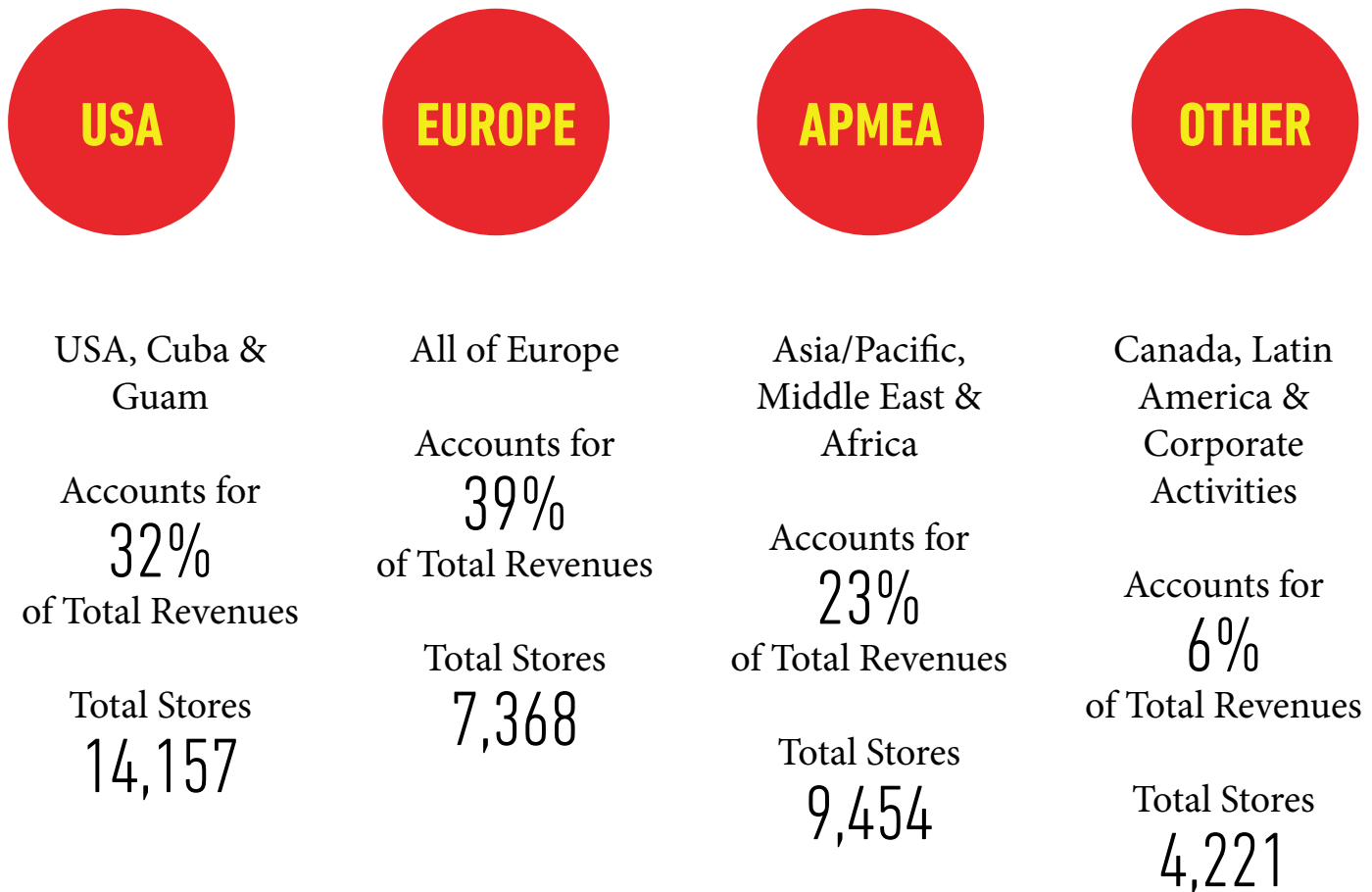
McDonald's operates 19% of its restaurants directly. Company-operated restaurants make up 67% of its total revenues. McDonald's also sells company-owned restaurants to franchisees.

FRANCHISE



Franchised outlets constitute 33% of its total revenues. The company is best known for its franchise model, which it employs globally. It has labeled this model the 'three legged stool', as it comprises owners, suppliers and employees.

MCDONALD'S CORPORATION: GEOGRAPHICAL SEGMENTATION



3YR REVENUE CAGR* FOR GEOGRAPHICAL SEGMENTS



SOURCES: COMPANY DATA, SEC FILINGS, BLOOMBERG PROFESSIONAL SERVICES

MCDONALD'S CORPORATION: THE FRANCHISING PROCESS

Interested owners approach the company and are subjected to a selection process



Selected owners pay at least 25% of the purchase price as down payment.
The rest comes from lending institutions



Owners must pay ongoing fees, which include

- A service fee, which is based on sales
- A monthly base rent



MCDONALD'S CORPORATION: BARBELL STRATEGY

PREMIUM OFFERINGS:



Hi-end menu items that are also healthy. These items have recently launched and to date have exceeded management's expectations in terms of sales growth.

DOLLAR MENU:



McDonald's value offerings drive 15% of its sales revenues. Extending the Dollar Menu strategically, the company is now offering new options at prices up to \$5. This is expected to increase margins not only for the Company but for the Franchisees.



ELEVATION CAPITAL MANAGEMENT LIMITED

COCA-COLA AMATIL LIMITED [CCL:AU]

Research Presentation released in June 2014





happy 2014 *Coca-Cola*

COCA-COLA AMATIL LIMITED: COMPANY DESCRIPTION

NZD 5,455 MILLION REVENUE*

NZD 544.6 MILLION NET PROFIT**



* AS AT 31/12/2013

** AS AT 31/12/2013, BEFORE SIGNIFICANT ITEMS

COCA-COLA AMATIL LIMITED: A LONG HISTORY

- Coca-Cola Amatil (“CCA”) traces its roots to 1904, forming part of British American Tobacco Australia
- Evolution – The early incarnation of CCA branched away from tobacco and towards food and beverage production in 1963
- 1977 – ‘Allied Manufacturing and Trade Industries Limited’ becomes AMATIL
- 1986 – AMATIL Beverages acquires Southern Cross Beverages, acquiring the rights to the Coca-Cola franchise for most of N.S.W. and beginning a long relationship with The Coca-Cola Company (“TCCC”)



FOREVER BRAND: COCA-COLA

“An enduring classic that has evolved over its 127 years, Coca-Cola remains the most recognizable (and one of the most valuable) brands in the world”

- Interbrand

COCA-COLA AMATIL LIMITED: A STRONG PORTFOLIO OF PREMIUM BRANDS

SPARKLING BEVERAGES



STILL BEVERAGES



ALCOHOLIC BEVERAGES



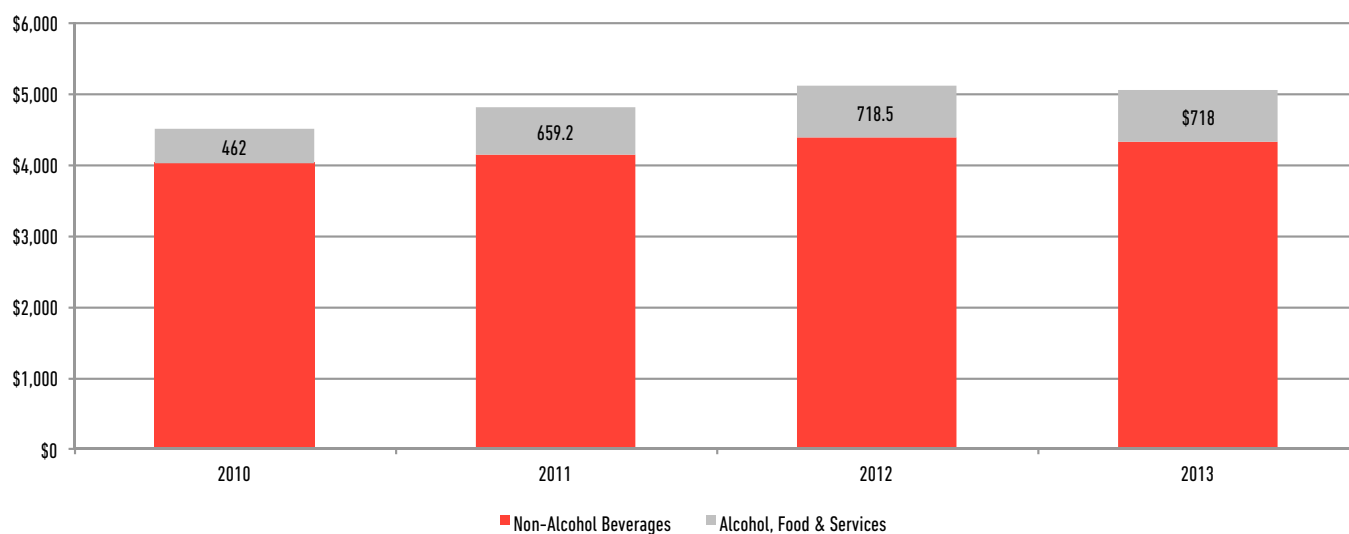
FOOD (SPC ARDMONA)



COCA-COLA AMATIL LIMITED: TRADING REVENUE BY BUSINESS SEGMENT

- 86% of the trading revenue, and 89% of the segment results* are provided by the non-alcoholic beverages business

Trading Revenue by Business Segment



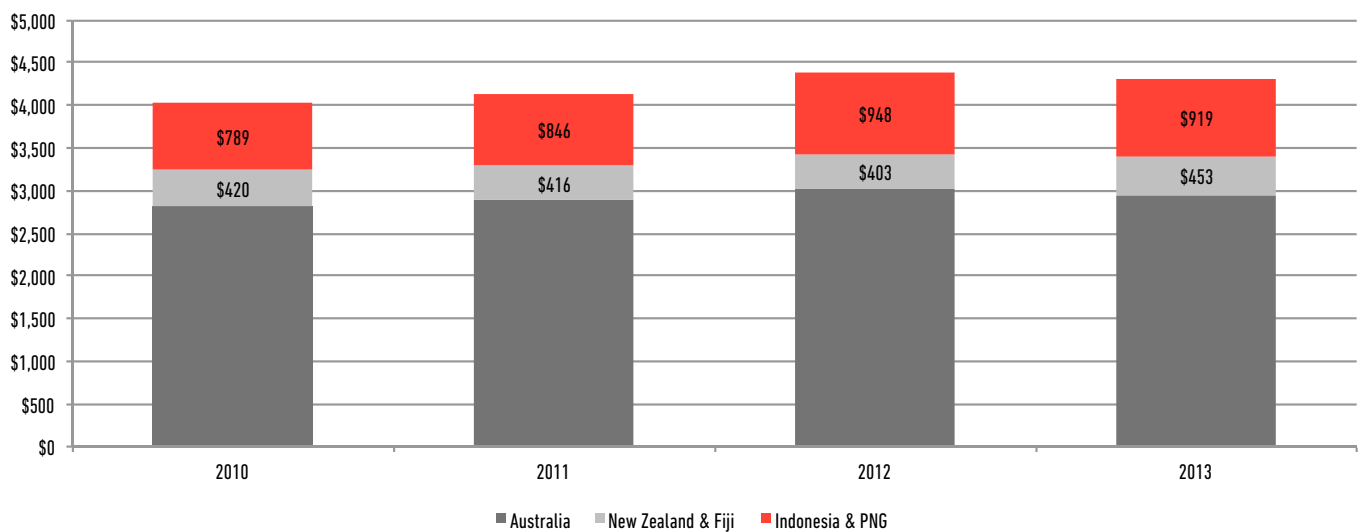
DATA SOURCE: COMPANY ANNUAL REPORTS 2010-2013

* SEGMENT RESULTS ARE EVALUATED ON AN EARNINGS BEFORE INTEREST, TAX AND SIGNIFICANT ITEMS BASIS

COCA-COLA AMATIL LIMITED: TRADING REVENUE BY REGION

- Australia contributes ~69% of CCA's total trading revenue, followed by ~21% from Indonesia & PNG, and 10% from NZ & Fiji
- Significant growth potential exists in Indonesia & PNG

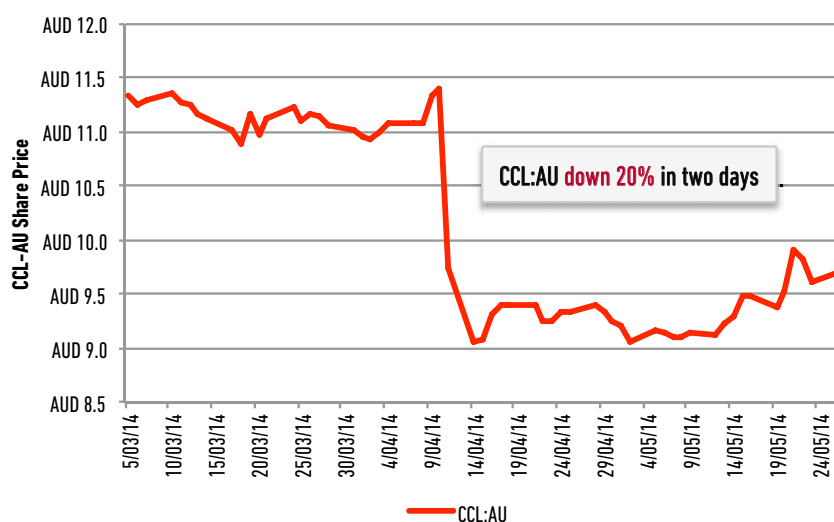
Trading Revenue by Region



COCA-COLA AMATIL LIMITED: RECENT DEVELOPMENTS

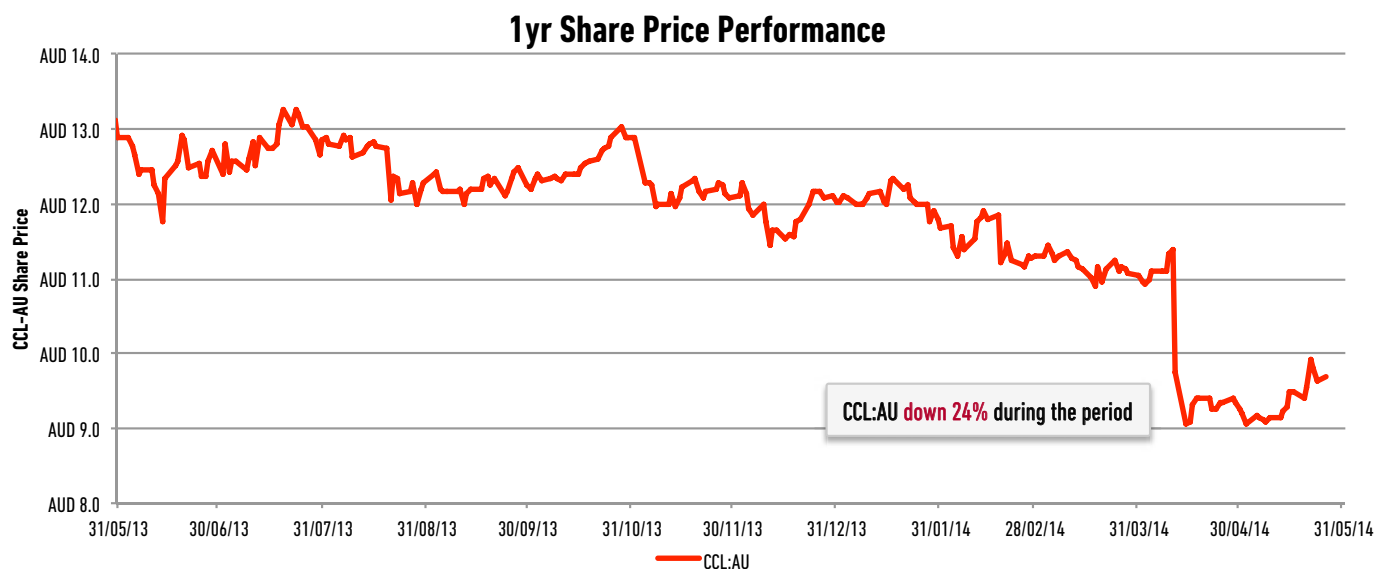
- Ms Alison Watkins as new Group Managing Director on 3 March 2014
- Trading Update and Strategic Review on 11 April 2014
- Share price falls 14% on Friday, 11 April 2014
- Share price falls another 6% on Monday, 14 April 2014

Share Price Performance Since Alison Watkins



COCA-COLA AMATIL LIMITED: REASONS FOR THE RECENT SHARE PRICE DECLINE

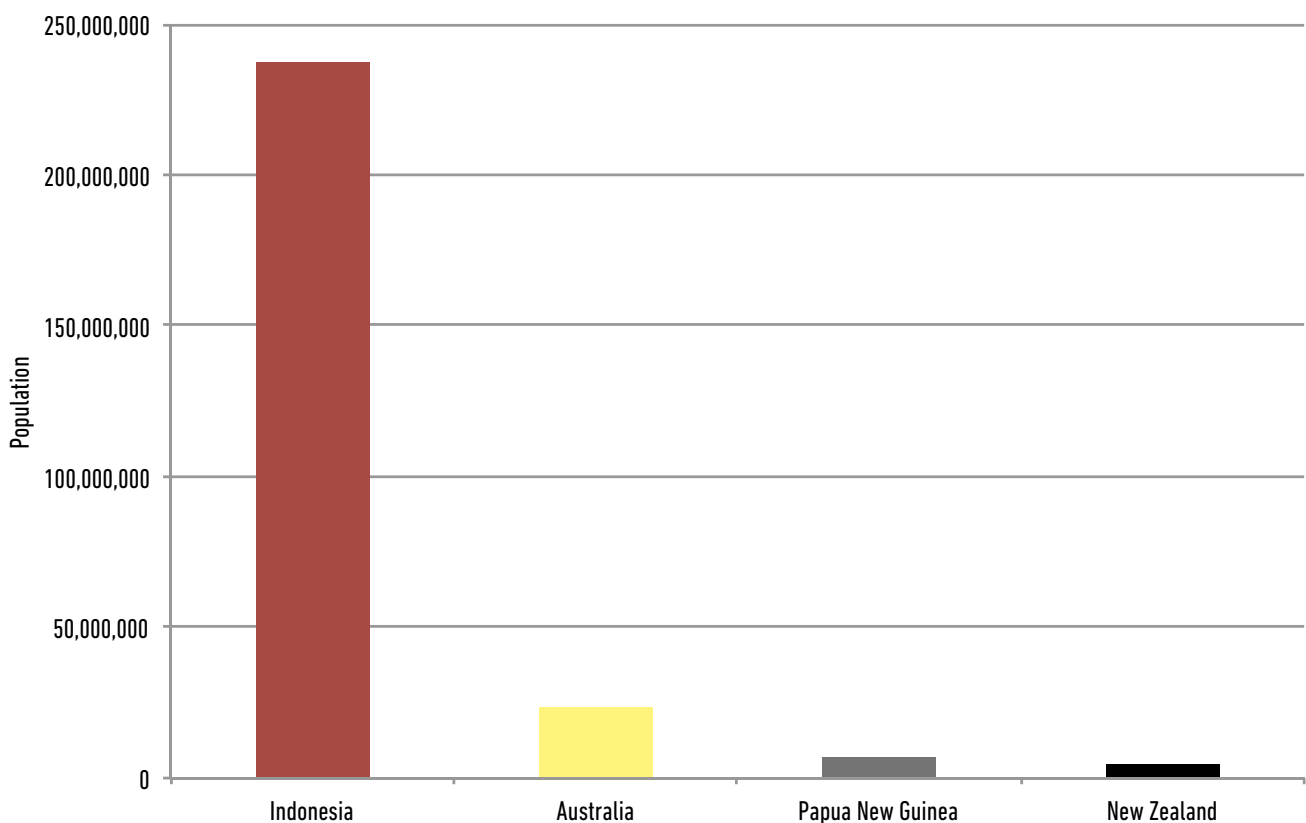
- Write down of SPC Ardmona (AU\$ 404M) – driven by new CEO
- Profit warning from Management (15% reduction of EPS) – driven by new CEO
- Slowing consumer activity in the Australian market
- Weak business conditions in the Indonesian market



COCA-COLA AMATIL LIMITED: INDONESIA: SHORT-TERM PROBLEMS, LONG-TERM OPPORTUNITY

- Indonesia is the 4th most populous country on earth
- 10x more people than Australia, and 53x more than NZ

Population Comparison



COCA-COLA AMATIL LIMITED: INDONESIA: SHORT-TERM PROBLEMS, LONG-TERM OPPORTUNITY

Short-Term Problems in Indonesia:

- Significant cost inflation due to:
 - 20% depreciation of the Rupiah in 2013
 - Legislated material increases in wages and fuel costs
- Limited pricing power due to intensified competitive landscape
- Indonesia (Weak) + PNG (Strong)
 - Indonesia + PNG to deliver a modest positive contribution to group earnings in 1H

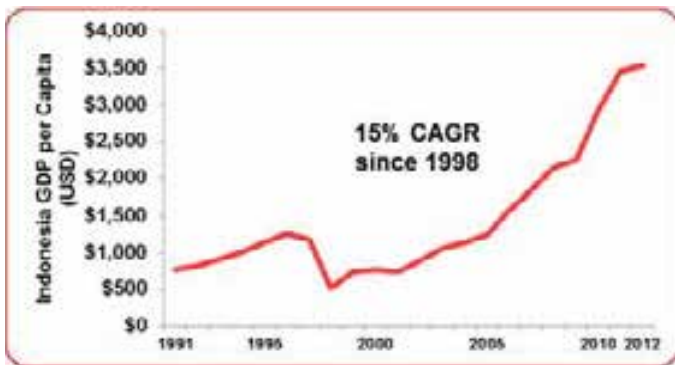
Long-Term Opportunity:

- One of the fastest growing G20 economies
 - Growth in GDP per capita and in disposable income and consumer spending
- Highly favourable demographics
 - Rapidly growing affluent and middle classes
- Low per capita consumption of commercial beverages compared to other Asian markets



COCA-COLA AMATIL LIMITED: INDONESIA: SHORT-TERM PROBLEMS, LONG-TERM OPPORTUNITY

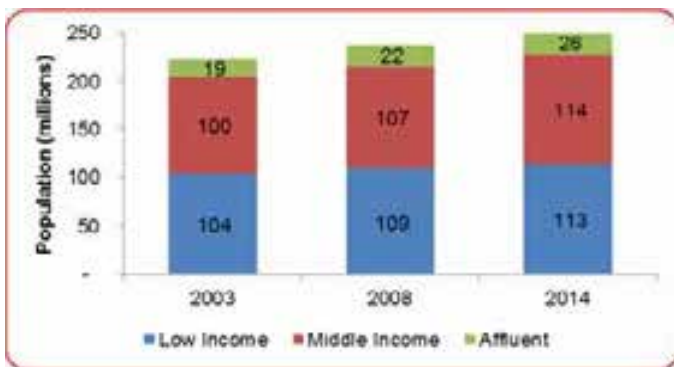
Strong GDP growth



...with material growth in disposable income



Rapidly growing affluent and middle classes

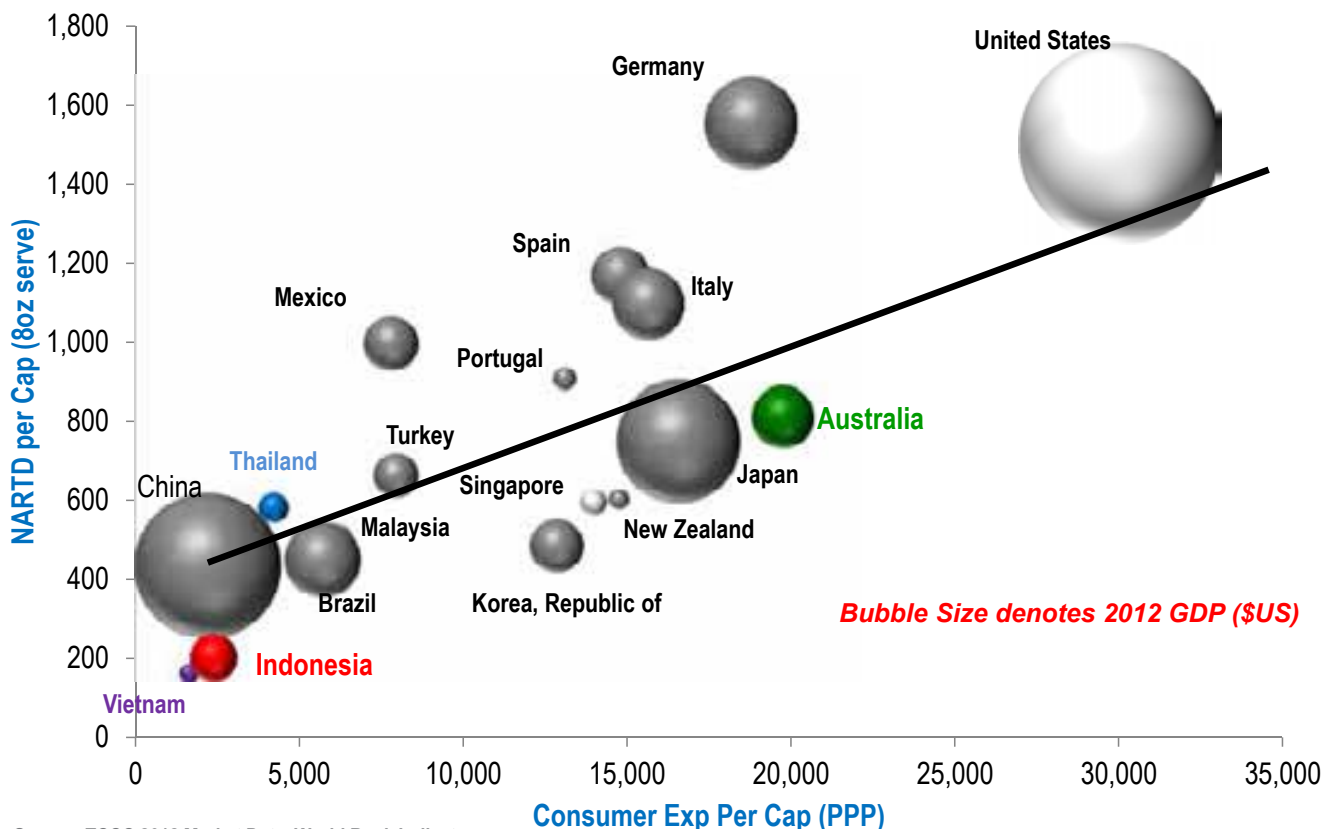


...and a country of optimistic consumers

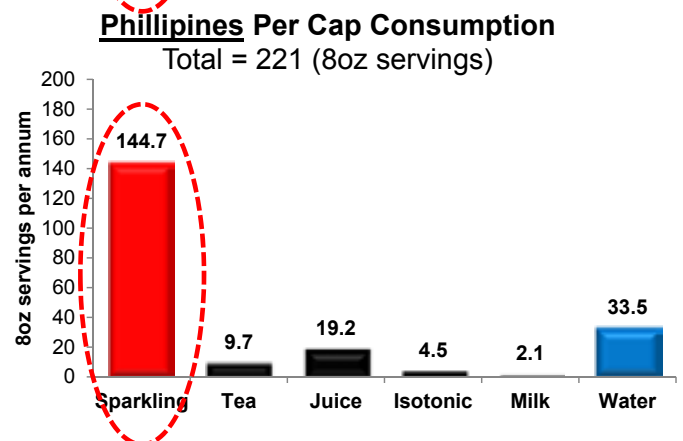
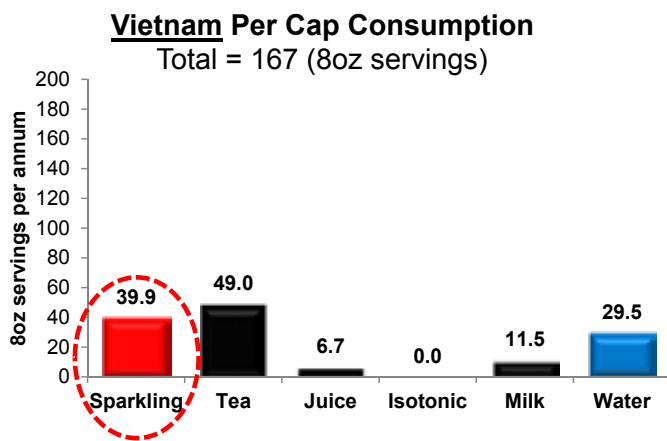
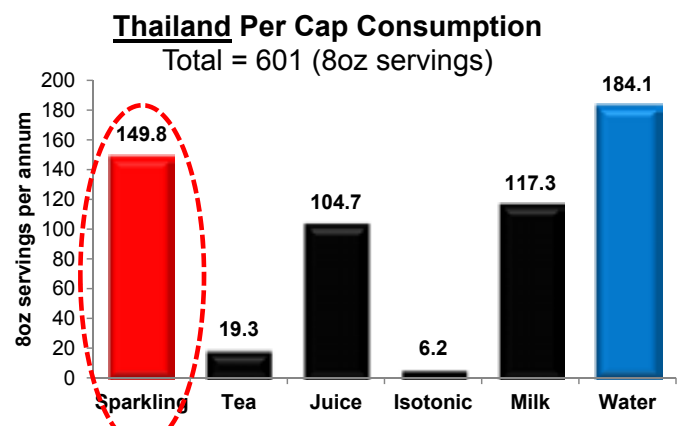
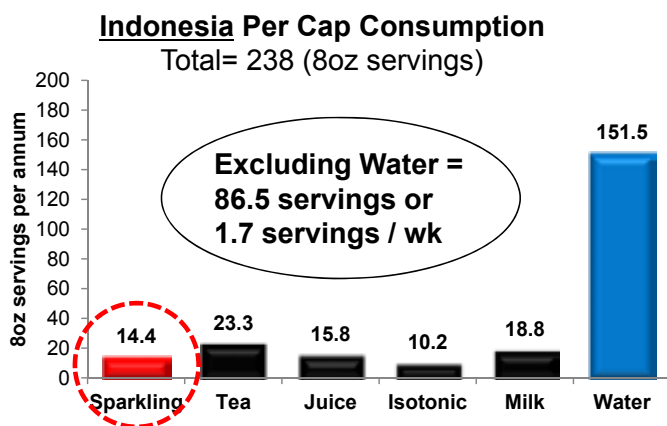


Source: Bank Indonesia, Economist Intelligence Unit and CCA estimates

COCA-COLA AMATIL LIMITED: INDONESIA: SHORT-TERM PROBLEMS, LONG-TERM OPPORTUNITY



COCA-COLA AMATIL LIMITED: INDONESIA: SHORT-TERM PROBLEMS, LONG-TERM OPPORTUNITY



COCA-COLA AMATIL LIMITED: PROBLEMS IN AUSTRALIA

Disappointing start to 2014 for the Australian Beverages Business

- Grocery channel – Aggressive pricing activity limited ability to recover cost increases
- Non-Grocery channel – Soft consumer demand and mix shift to lower margin customers
- Expects to deliver a decline in 1H EBIT

SPC Ardmona

- Acquired in 2005 for AU\$ 500M
- Wrote down the carrying value of SPCA by AU\$ 404M in 2013
- Rescued by an AU\$ 100M co-investment between CCA (AU\$ 78M) and the Victorian Government (AU\$ 22M) in February 2014
- Continued challenging and competitive conditions:
 - High average Australian Dollar exchange rates reduce SPCA's competitiveness in both the local market (vs imported fruits and vegetables) and export markets
 - 56% of Italian tinned tomatoes have been dumped into the Australian market
- Strong consumer and retailer support since February 2014 that should see a result close to breakeven for 1H
- Potential exit for CCA so it can focus on its core business

The image shows the classic Coca-Cola logo in its signature script font, rendered in a light, metallic silver color. The logo is centered against a solid, deep red background that has a subtle gradient, appearing slightly darker at the top and bottom edges.

COCA-COLA AMATIL LIMITED: POTENTIAL CATALYST - M&A INTEREST AUSTRALIA

- Lion Nathan, through its owner Kirin, made an unsuccessful bid for CCA in 2009. They offered to pay 10.5x EV/EBITDA
- CCA currently trades at 9.1x EV/EBITDA*
- CCA may again become a target:
 - Larger competitors (Potential synergies)
 - Japanese beverage companies (Poor demographics in Japan, seeking growth opportunities)
 - The Coca-Cola Company (29% owner of CCA, seeking growth opportunities)

Coca-Cola Amatil fends off Lion Nathan takeover offer

by Allen Swann Monday November 17, 2008

The continuous state of flux seen in the New Zealand and Australian beverage sector continues, amid a proposed takeover of Coca-Cola Amatil (CCA) by Lion Nathan.

This morning Lion confirmed a \$A7.50 billion cash and shares takeover bid for CCA. CCA says Lion presented an offer two weeks ago but is unimpressed with the deal.

"The CCA board has reviewed its position and believes that there are a number of material deficiencies in the proposal, which is subject to a range of material conditions precedent," the company said in a statement this morning.

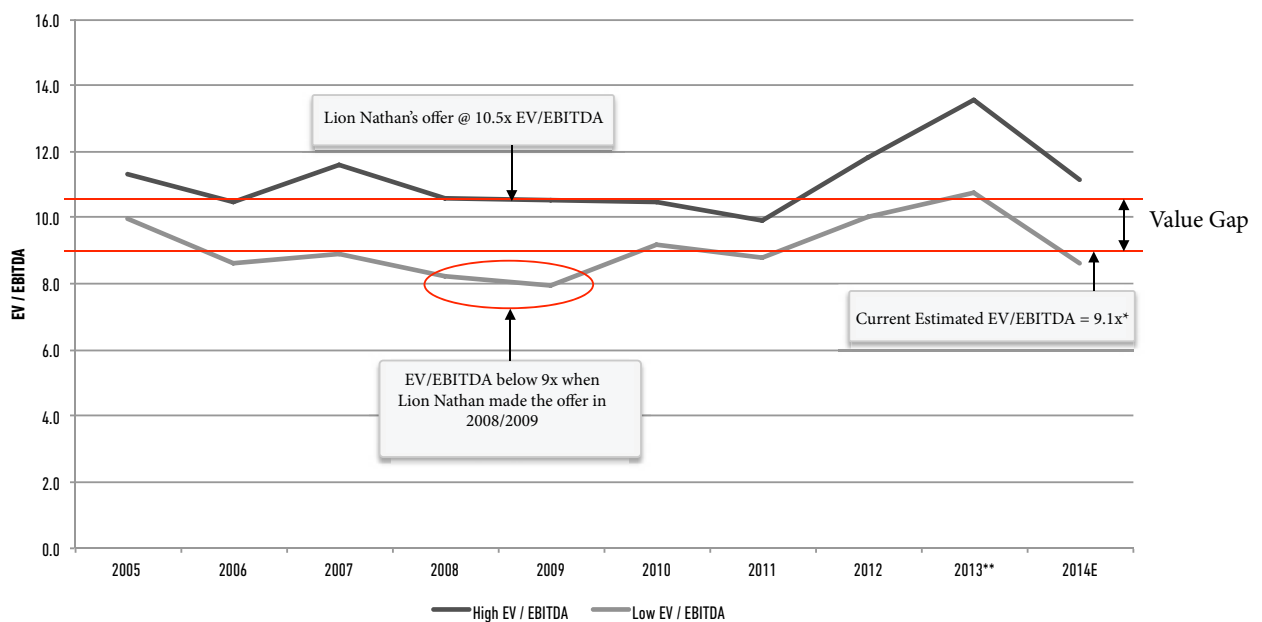
"In particular, the pricing multiple proposed is materially below recent multiples paid for domestic and international beverage companies, and the CCA board can give no assurance that the proposal will proceed, or will be supported by the CCA board or its major supplier The Coca-Cola Company."

The new company could be worth an estimated \$12.8 billion, according to analysts, with annual sales of around \$7 billion.

Coca-Cola Amatil is 30% owned by The Coca-Cola Company, and Lion Nathan is 48% owned by Kirin, a Japanese brewer.



Historical EV / EBITDA Trading Range

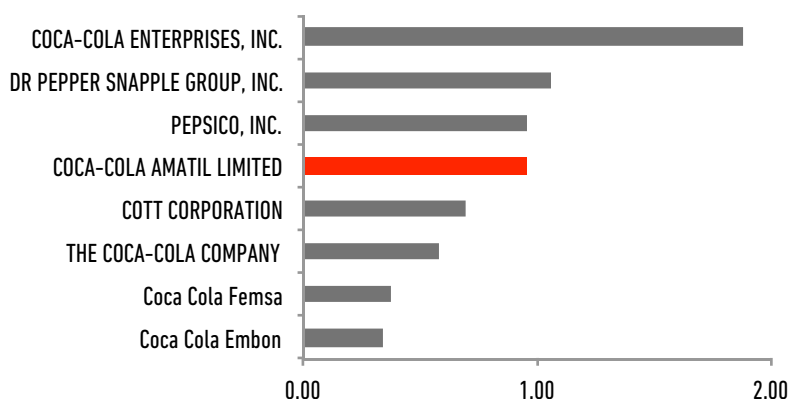


DATA SOURCE: THOMSON REUTERS AS AT 29 MAY 2014
 * SHARE PRICE AS AT 26/5/14, THOMSON REUTERS FY1 EBITDA ESTIMATES
 ** WE USED OPERATING EBITDA FOR THE 2013 CALCULATION

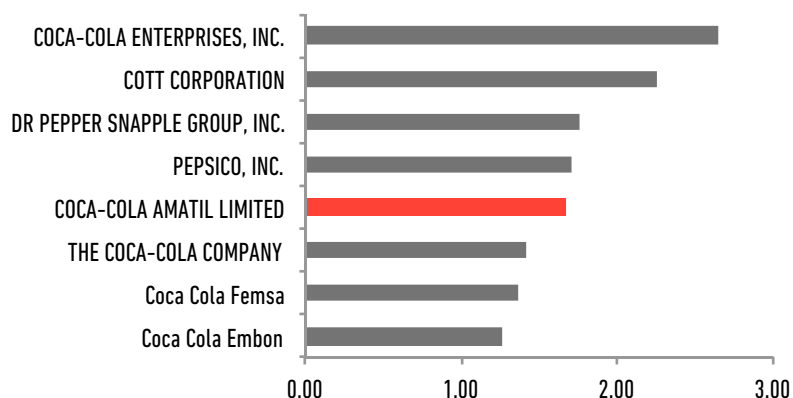
COCA-COLA AMATIL LIMITED: FINANCIAL LEVERAGE

- CCA's net debt is 1.67x next year's estimated EBITDA vs industry average of 1.76x

Net Debt/Equity

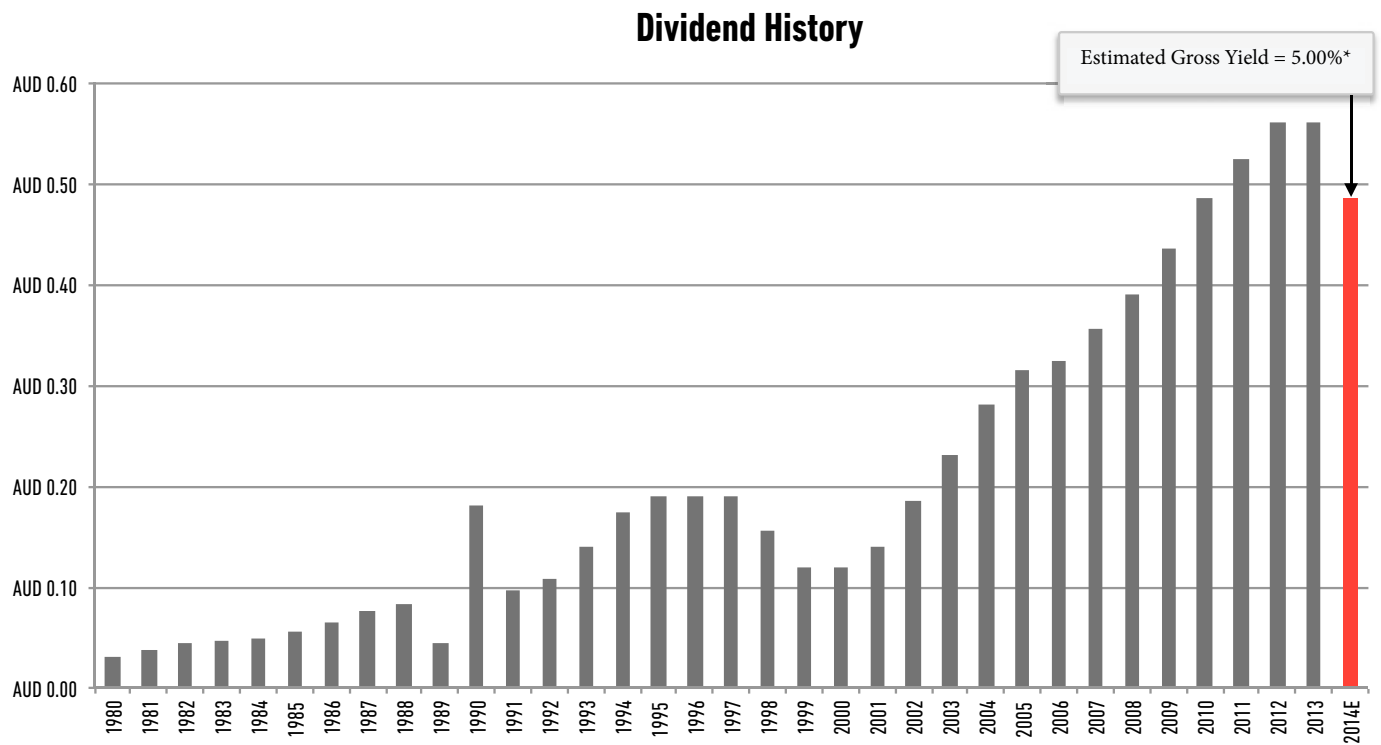


Net Debt/EBITDA FY1



COCA-COLA AMATIL LIMITED: DIVIDEND HISTORY

- 8.4% compound rate of dividend growth since 1980



DATA SOURCE: THOMSON REUTERS

* STOCK PRICE AS AT 26 MAY 2014, STARMINE FORECAST DIVIDEND FOR FY2014

COCA-COLA AMATIL LIMITED: RELATIVE VALUATION

- CCA is the cheapest among its developed market peers based on traditional valuation metrics

	Coca-Cola Amatil	Coca Cola Femsa	Coca-Cola Enterprises	Dr Pepper Snapple Group	PepsiCo	The Coca-Cola Company
EV/Sales (FY1)	1.7x	2.1x	1.8x	2.2x	2.3x	4.2x
EV/EBITDA (FY1)	9.1x	11.3x	10.5x	9.9x	11.9x	14.9x
Price/Earnings (FY1)	16.8x	23.1x	15.5x	16.4x	19.1x	19.5x
Price/Sales (FY1)	1.4x	1.9x	1.3x	1.8x	2.0x	3.8x
Price/Cash Flow (FY1)	10.9x	14.7x	11.4x	13.3x	13.6x	16.7x
Price/Book Value (FY1)	4.1x	2.6x	5.8x	5.0x	5.6x	5.3x
ROA	9.6%	6.2%	8.1%	8.6%	9.3%	12.0%
ROE	24.7%	11.6%	34.3%	30.0%	29.0%	27.5%
Dividend Yield (Gross)	5.0%*	1.9%	2.2%	2.9%	3.0%	3.0%

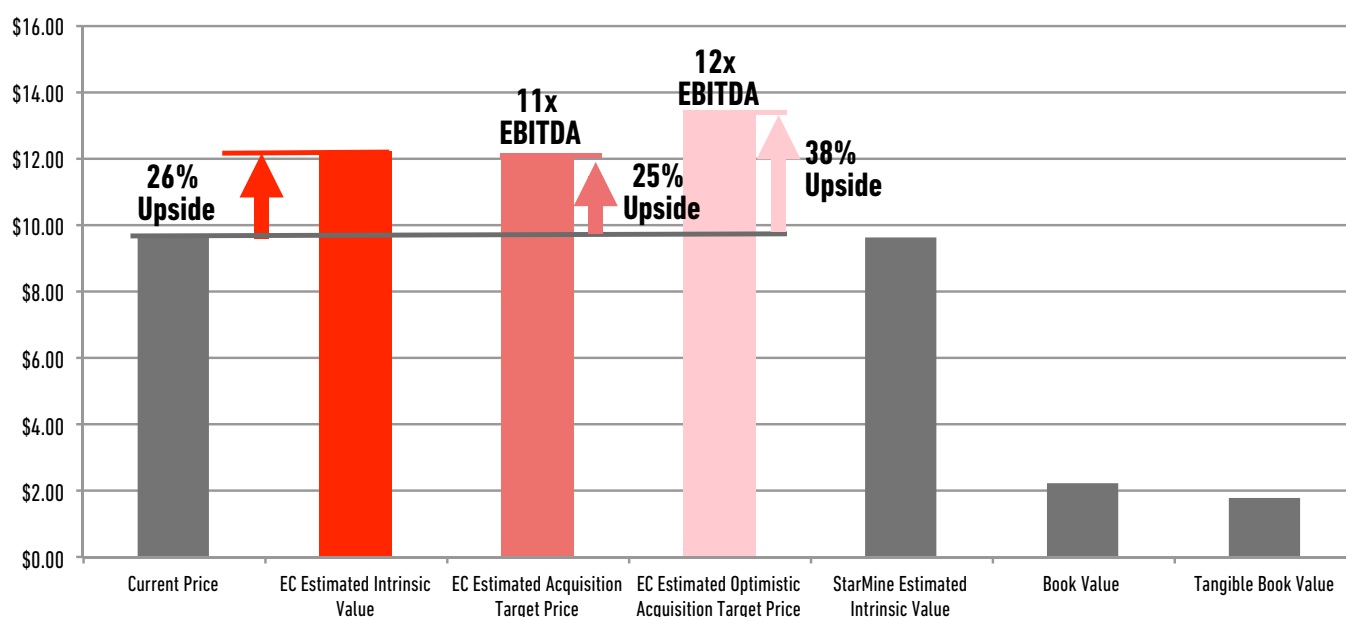


DATA SOURCE: THOMSON REUTERS AS AT 29 MAY 2014

* FORECAST FY1 DIVIDEND YIELD BASED ON STARMINE FORECAST DIVIDEND FOR FY2014

COCA-COLA AMATIL LIMITED: ELEVATION CAPITAL'S INTRINSIC VALUE ESTIMATES

Valuation Summary



Current Share Price (26/5/14)	\$9.70	Discount to EC Intrinsic Value Estimate	21%
EC Intrinsic Value Estimate	\$12.22	Upside Potential	26%

* EC INTRINSIC VALUE ESTIMATE FOR CCL:AU IS BASED ON THE AVERAGE OF THE P/E AND EV/EBITDA VALUATION METHODS

COCA-COLA AMATIL LIMITED: ELEVATION CAPITAL CONCLUSION

- One of the best retail brands in the world
- Diversified and strong product offerings in all commercial beverage categories (sparkling, tea, juice, milk, isotonic, energy, water)
- Sound balance sheet and cash flow generation
- Significant long-term growth potential in Indonesia
 - 22 years of investing in Indonesia – Economies of scale in its operation
 - Favorable demographics and a rising middle class are strong tailwinds
- New management had a clear strategy to get all the bad news out expeditiously, creating an opportunity for value-minded investors
- Medium-term turnaround situation with macroeconomic factors involved
 - Potential exit of SPC Ardmona & alcoholic beverages to concentrate on its core business
 - Recovery of the Australian economy and consumer activities
 - Recovery of the Asian Currencies vs the Australian Dollar
 - Adjustment to the higher cost environment in Indonesia due to increases in wages and fuel costs
- Good opportunity to buy a great franchise at a reasonable discount
- 5% forecast gross dividend yield is one of the highest among all Coke bottlers – Patient investors get “paid to wait” for a turnaround
- Margin of Safety provided by: Brand Value, Economies of Scale, First-Mover Advantage, Sound Balance Sheet and Cash Flow, Dividend Yield, Discount to Intrinsic Value / Net Asset Value
- TCCC would not at all be happy with CCA's performance as a 29% shareholder – Change will come
- Our anecdotal feedback is large numbers of executives who were part of the “diworsification” strategy have now exited the business



DRINK
Coca-Cola

PAUSE AND REFRESH



APPENDIX: COCA-COLA AMATIL LIMITED: COCA-COLA BACKGROUND

COCA-COLA: COMPANY DESCRIPTION

FOUNDED IN

1892,

COCA-COLA IS THE
WORLD'S LEADING
MULTINATIONAL BEVERAGE
CORPORATION

MANUFACTURES AND
MARKETS OVER

500

NON-ALCOHOLIC LIQUID
REFRESHMENT BEVERAGES

The Coca-Cola logo is displayed in its iconic red script font.

1.7BN

SERVINGS OF COCA-COLA
PRODUCTS
ARE CONSUMED DAILY
WORLDWIDE

151,000

EMPLOYEES WORLDWIDE

HEADQUARTERED IN
ATLANTA, GEORGIA

MUHTAR KENT
CHAIRMAN AND CEO



SECTOR: CONSUMER STAPLES | INDUSTRY: BEVERAGES | SUB-INDUSTRY: SOFT DRINKS |
TICKER: KO | FISCAL YEAR ENDS: DECEMBER 31

SOURCES: COCA-COLA COMPANY DATA, BEVERAGE DIGEST

COCA-COLA: BUSINESS MODEL

Coca-Cola classifies its operations into two distinct business segments:

CONCENTRATE BUSINESS

Sells concentrates and syrups to authorized, independent bottling partners for packaging and distribution

FINISHED PRODUCT BUSINESS

Produces, sells and distributes beverages through company-owned and controlled bottling partners.

BUSINESS SEGMENTS BY REVENUE

Coca-Cola seeks to double its revenues by year 2020. In line with its growth strategy, Coca-Cola is divesting from previously acquired bottlers and moving to independent bottling contractors. Hence, its concentrate business segment's share of revenue has been rising since 2010.



COCA-COLA: BILLION DOLLAR BRANDS

In 2012, Interbrand named Coca-Cola as the most valuable brand in the world, with a brand value of

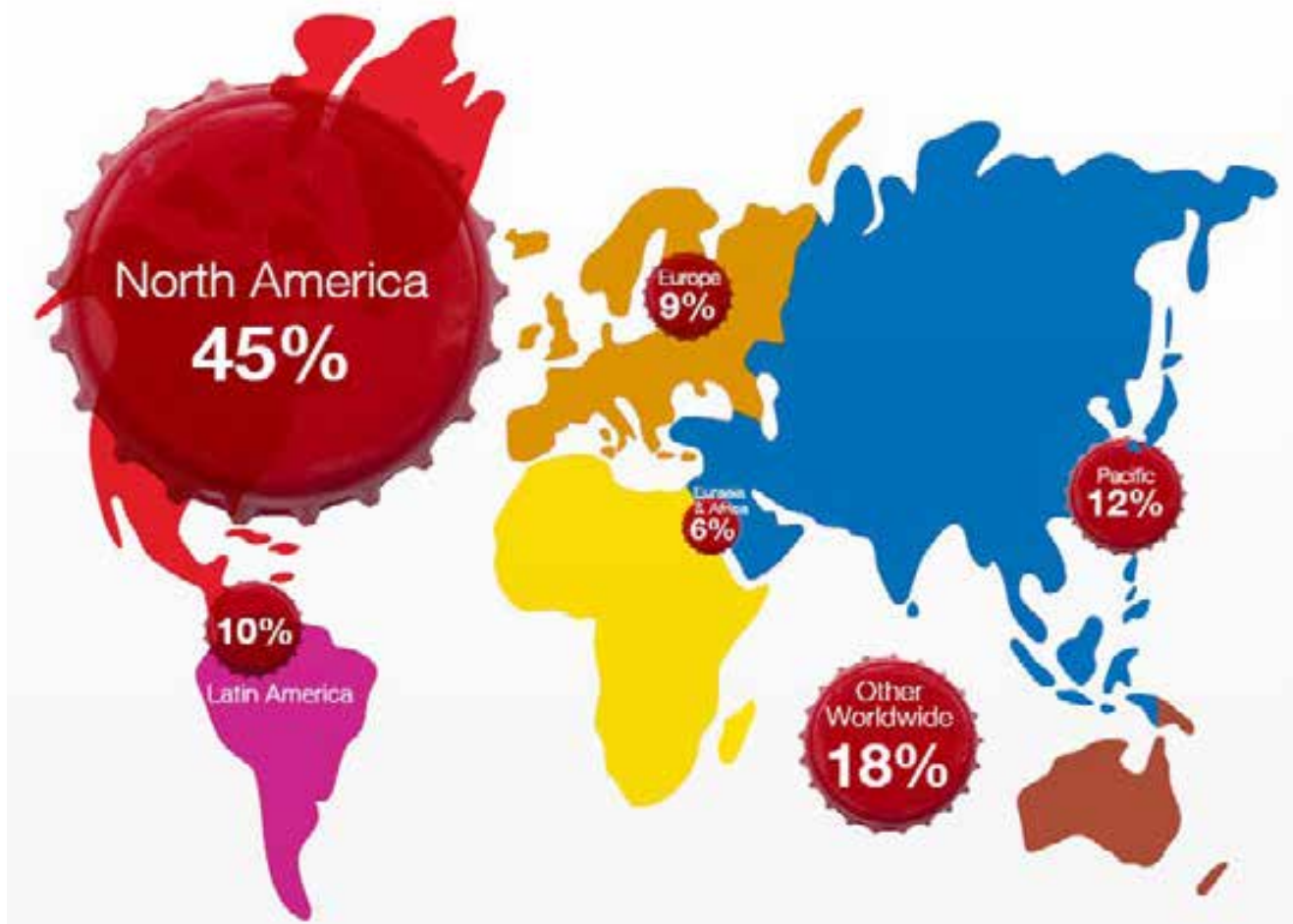
\$78bn

Coca-Cola's current product line of over 500 refreshment beverages consists of 15 billion-dollar brands. These are the brands that globally generate more than one billion dollars in annual revenues for Coca-Cola:



COCA-COLA: GEOGRAPHICAL SEGMENTATION BY REVENUES

While a sizable share of Coca-Cola's operating revenues are generated from its North American operations, there is a growing shift in geographic market share towards Asia, Latin America and Africa, where there is still significant room for growth in sales volumes.



5 yr Revenue CAGR* of
Coca-Cola's Geographic Segments:

North America	4%
Europe	6%
Pacific	10%
Latin America	9%
Eurasia & Africa	14%
Other Worldwide	4%

* Compound Annual Growth Rate

COCA-COLA: GEOGRAPHICAL SEGMENTATION BY SALES VOLUMES

Latin America represents the largest market for Coca-Cola products in terms of unit case volume**. It looks set to expand further as a result of new sponsorships and marketing activities for the 2014 FIFA World Cup.



** Unit Case Volume - Number of unit cases (24 servings of 8oz. bottles) of beverage products sold directly or indirectly by the company and its bottling partners to consumers.



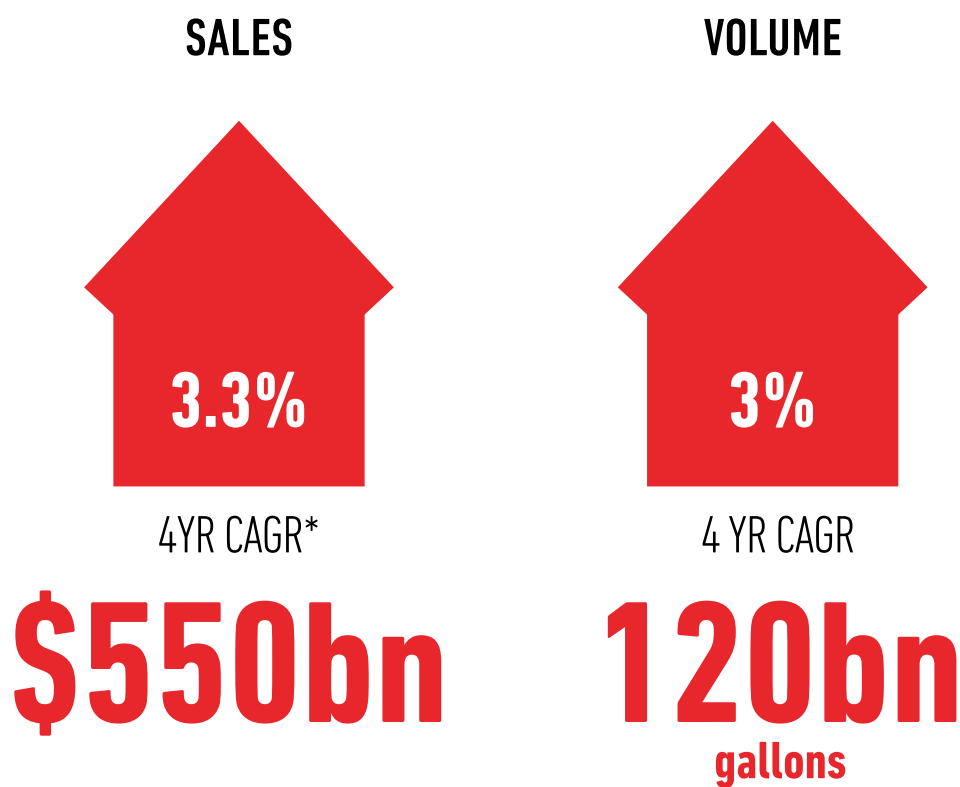
MEXICO RANKS #1 IN THE CONSUMPTION OF COCA-COLA WITH 745 8OZ. BOTTLES CONSUMED PER CAPITA EVERY YEAR.

COCA-COLA PRODUCTS ARE SOLD IN EVERY COUNTRY EXCEPT CUBA & NORTH KOREA

COCA-COLA: INDUSTRY ANALYSIS: THE GLOBAL LIQUID REFRESHMENT BEVERAGES INDUSTRY

The liquid refreshment beverages industry covers manufacturers, bottlers and distributors of non-alcoholic beverages. End products include carbonated and non-carbonated soft drinks as well as functional beverages like ready-to-drink tea, instant coffee, energy drinks and sports drinks, as well as fruit beverages and packaged bottled water.

The industry generated global revenues of over \$550bn in 2012.



* Compound Annual Growth Rate

COCA-COLA: INDUSTRY ANALYSIS: INDUSTRY MARKET SHARE BY SALES VOLUME



SOURCES: COCA-COLA COMPANY DATA, BEVERAGE DIGEST

COCA-COLA: INDUSTRY ANALYSIS: INDUSTRY SEGMENTATION

Year-over-Year (YoY) growth rates by segment in 2012.

The industry segmentation chart also illustrates a shift in consumer choices towards healthier and non-carbonated beverages.

Energy drinks is the fastest-growing segment, followed by the ready-to-drink tea and coffee category. Bottled water is another fast growing segment, as people are becoming increasingly conscious about the quality of water they drink.

Sugary fruit beverages and non-diet soft drinks are losing ground in terms of global sales volumes as more and more consumers opt for diet beverages and flavored water.



COCA-COLA: INDUSTRY ANALYSIS: KEY INDUSTRY PLAYERS

COCA-COLA'S MAIN COMPETITORS:

			
Revenues	\$48bn	\$66bn	\$6bn
Market Capitalization	\$176bn	\$131bn	\$9bn
Operating Margins	22%	14%	18%
EPS**	\$1.97	\$3.92	\$2.96
Dividend Yield	2.8%	2.7%	3.3%
Revenue CAGR (3yr)	16%	15%	2.7%



A multinational food and beverage company that manufactures and distributes snack foods and non-alcoholic beverages. Its largest brands include: Pepsi and Diet Pepsi, Mountain Dew, Gatorade, 7 Up, Lays and Quaker Foods.



An American soft drink company formed in 2008, after it was spun-off from its parent firm, Cadbury Schweppes. A few of its primary brands include: Dr. Pepper, Schweppes, Snapple and Canada Dry.

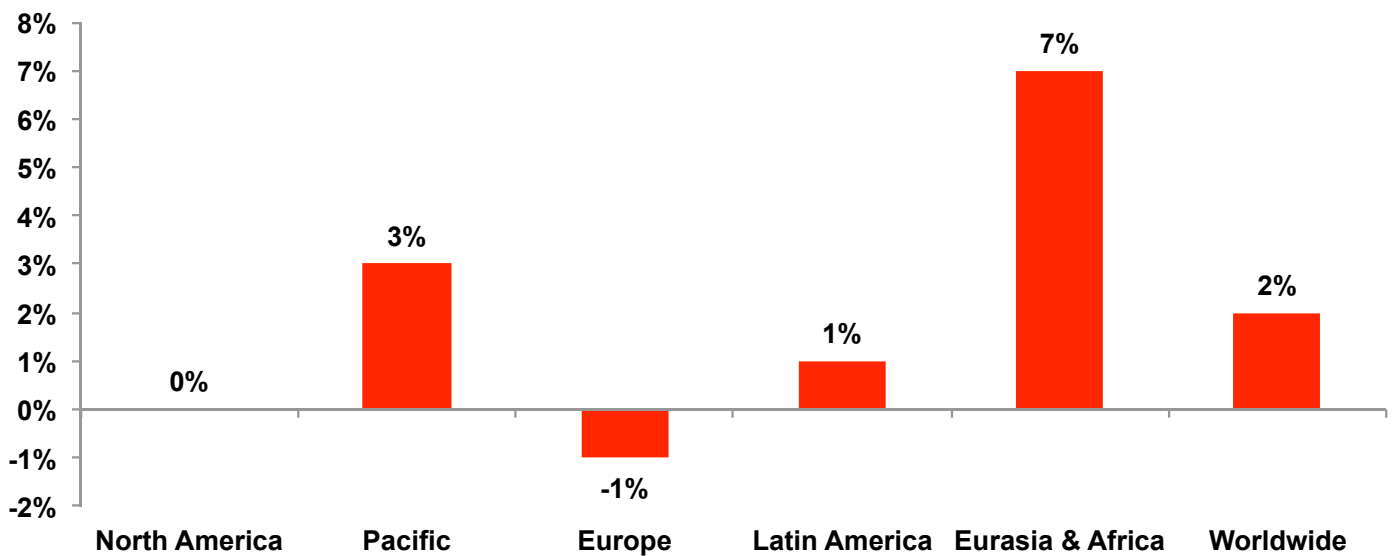
** Earning Per Share (EPS)

SOURCES: COCA-COLA COMPANY DATA, BEVERAGE DIGEST

COCA-COLA: STOCK PRICE DRIVERS: UNIT VOLUME GROWTH

Coca-Cola's unit case volume growth in North America has declined from an average of 4% per year over the past decade, to be flat in 2013, while sales volumes in Europe experienced -1% growth in 2013 due to stiff competition, cold winters, and a shift towards healthier beverage choices.

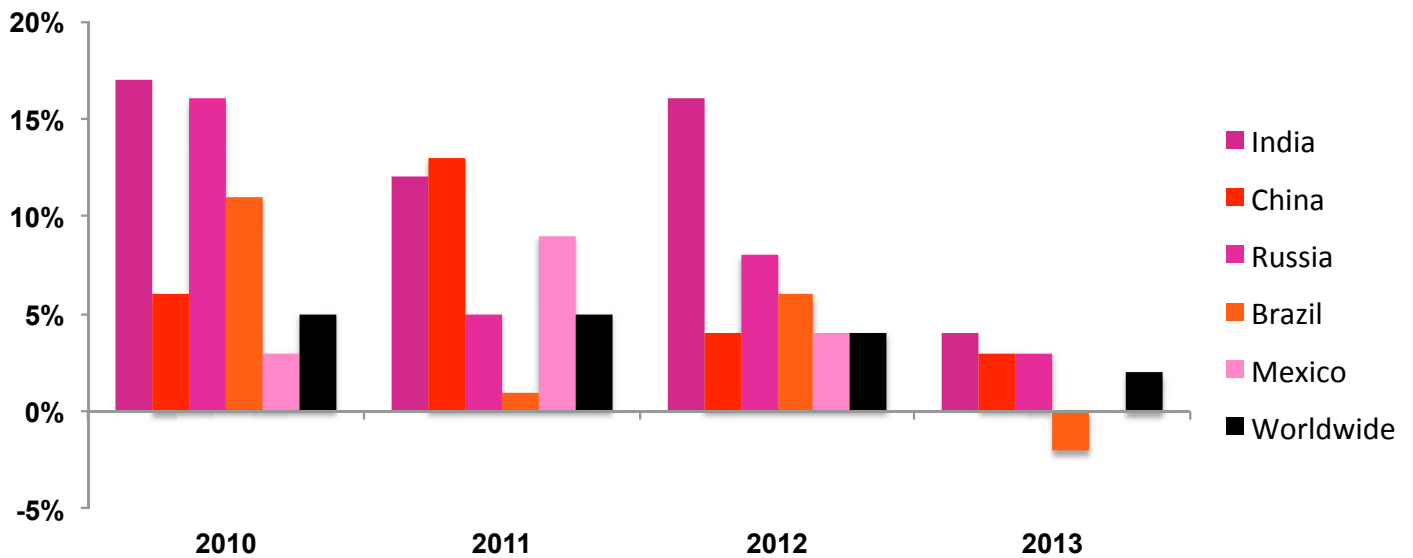
Geographical Sales Volume Growth in 2013, YoY



COCA-COLA: STOCK PRICE DRIVERS: GROWTH IN EMERGING MARKETS

Over the last five years, Coca-Cola has experienced average sales volume growth of 10% per year in emerging markets, due to its brand recognition and advertising initiatives. Success in emerging markets depends on economic and political conditions, and on Coca-Cola's ability to acquire bottling operations or form alliances in these regions. Challenges in emerging markets include price sensitivity due to consumers' limited purchasing power, and cultural difference in the consumption of beverages.

Emerging Market Sales Volume Growth, YoY



20%
of the company's
revenues are
currently
generated in
emerging markets.

By 2020,
33%
of the company's
revenues are
expected to be
generated in
emerging markets.

COCA-COLA: STOCK PRICE DRIVERS: GROWTH IN EMERGING MARKETS

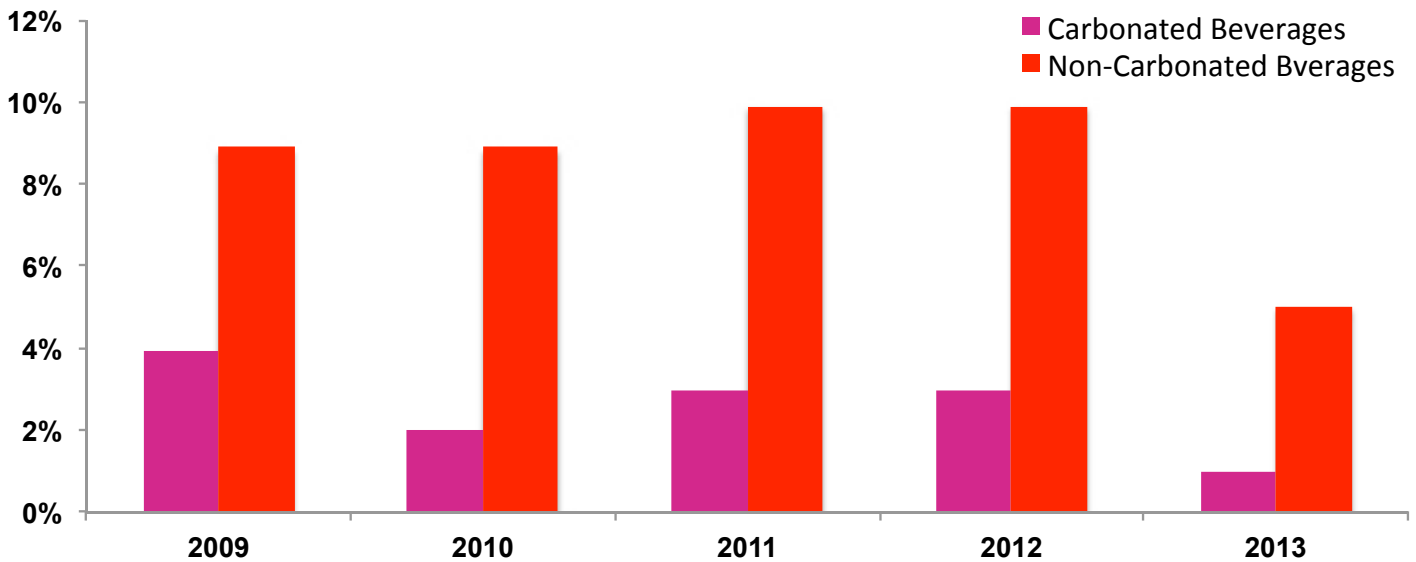
As part of its growth strategy, Coca-Cola plans to invest in:



COCA-COLA: STOCK PRICE DRIVERS: BRAND PORTFOLIO DIVERSIFICATION

Over the last four years, non-carbonated beverages have experienced three times the average growth rate of carbonated beverages.

Worldwide Growth in Sales Volumes of Beverages, YoY



COCA-COLA: STOCK PRICE DRIVERS: BRAND PORTFOLIO DIVERSIFICATION

During the past decade, Coca-Cola has diversified its product portfolio as it catches on to a growing trend in sales of healthier, non-carbonated beverages. These beverages include:



**LOW-CALORIE
SOFT DRINKS**
Diet Coke has overtaken Pepsi as the second-highest selling soft drink in the US.



**FRUIT
BEVERAGES**
Minute Maid, Fruitoptia and Simply Orange.



ENERGY DRINKS
Full Throttle, NOS and Burn.
Coca-Cola has not yet captured significant market share compared to Red Bull and Monster. NOS only has a 3.3% share of energy drinks market.



SPORTS DRINKS
Powerade and Powerade Zero



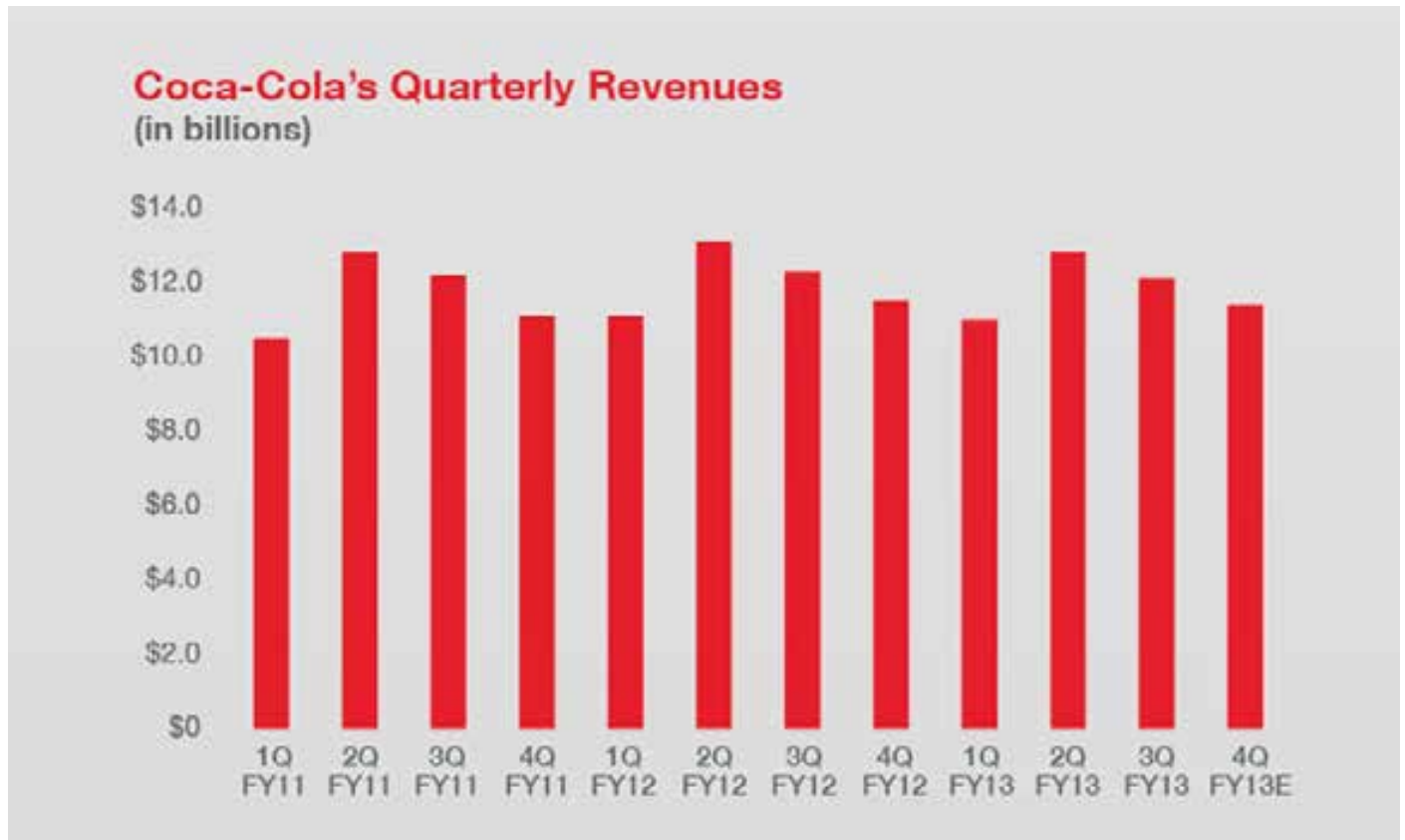
**READY-TO-
DRINK-TEA**
Fuze Tea, Honest Tea and Gold Peak Tea



**BOTTLED
WATER**
Dasani and Glaceau

COCA-COLA: STOCK PRICE DRIVERS: SEASONALITY

Coca-Cola's revenues are typically highest in the second and third quarter, which are the hottest months of the year. The global climate has changed in recent years to colder winters and hotter summers, which could lead to a greater seasonality effect on revenues and unit volumes in the future.



COCA-COLA: STOCK PRICE DRIVERS: SHARE PURCHASES

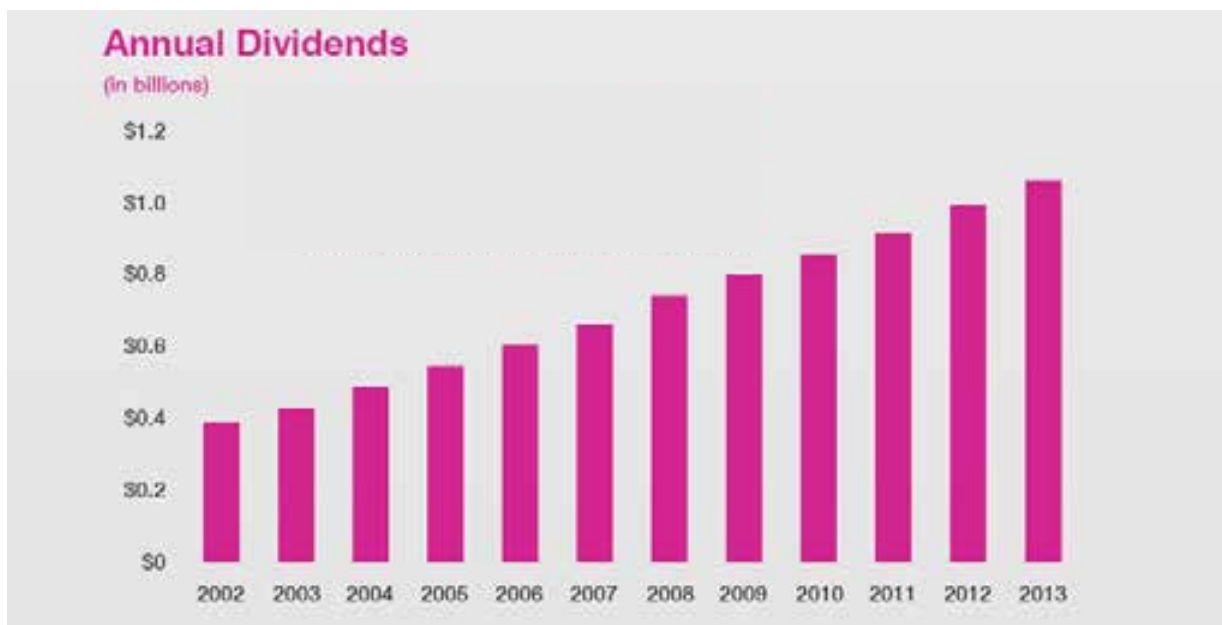
In October 2012, the company announced a share buyback program of **500 Million shares**, which constitutes over **10%** of Coca-Cola's outstanding shares. In 2013 they repurchased **USD 4.8 Billion** worth of shares.



COCA-COLA: STOCK PRICE DRIVERS: DIVIDEND PAYMENTS

Coca-Cola has traditionally been a dividend stock with stable returns. It has paid dividends every quarter for the past 93 years.

5yr average dividend yield: **2.8%** Expected dividend per share in 2014: **\$1.22**



Dividend payments have grown **8.28%** annually over the last five years

ELEVATION CAPITAL MANAGEMENT LIMITED

DIAGEO PLC [DGE:LN]

Research Presentation released in November 2014



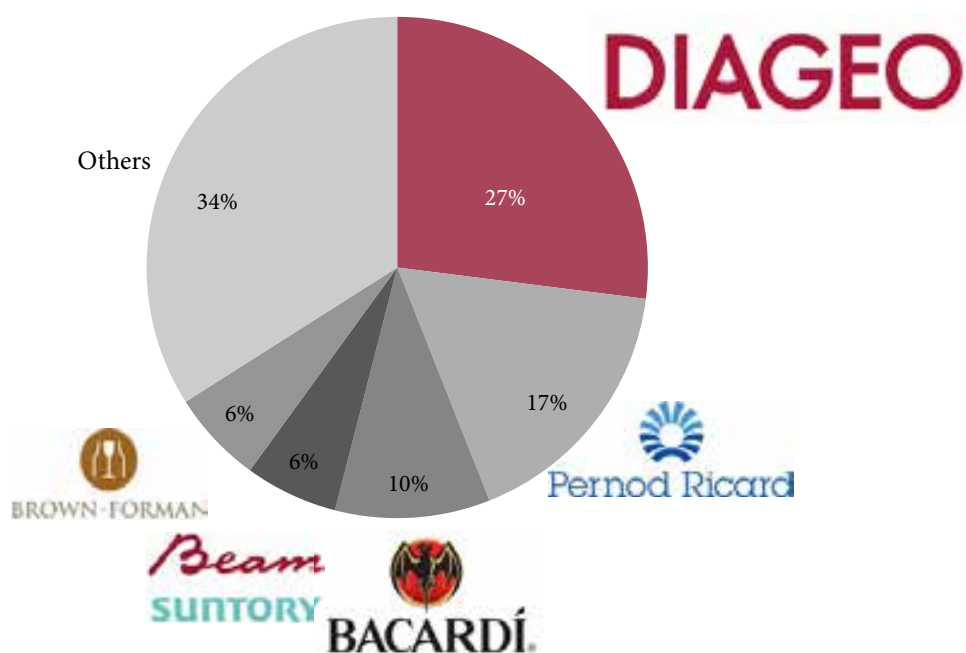
DIAGEO PLC: GLOBAL LEADER IN THE ALCOHOLIC BEVERAGE INDUSTRY

DIAGEO IS A GLOBAL LEADER IN THE ALCOHOLIC BEVERAGE INDUSTRY WITH AN EXPANSIVE COLLECTION OF BRANDS ACROSS THE SPIRITS, BEER AND WINE CATEGORIES. THESE BRANDS INCLUDE JOHNNIE WALKER, CROWN ROYAL, J&B, BUCHANAN'S, WINDSOR AND BUSHMILLS WHISKIES (RECENTLY DIVESTED), SMIRNOFF, CÎROC AND KETEL ONE VODKAS, CAPTAIN MORGAN, BAILEYS, DON JULIO, TANQUERAY AND GUINNESS. DIAGEO'S PRODUCTS ARE SOLD IN OVER 180 COUNTRIES AROUND THE WORLD.



DIAGEO PLC: THE LARGEST PLAYER IN PREMIUM SPIRITS

Global Volume Share of Premium Spirits



DIAGEO PLC: HISTORY

1759

Arthur Guinness signs 9,000 year lease on St. James's Gate brewery in Dublin



1934

MRMA ltd is incorporated as a public company

1961 – 1962

MRMA ltd shares first listed on the Stock Exchange
Name change to Grand Metropolitan Hotels ltd

1971 – 1973

Grand Metropolitan Hotels ltd enters the brewing industry by acquiring Truman, Hanbury & Buxton ltd
Acquires Watney Mann ltd, of which International Distillers & Vintners ltd is a subsidiary
Name change to Grand Metropolitan plc



1986

Guinness acquires the Distillers Company ltd (DCL)

1987

United Distillers (UD) is formed from combining DCL and Arthur Bell & Sons, both owned by Guinness



1997

Diageo created
Guinness & Grand Metropolitan merge
United Distillers & Vintners (UDV) created from integration of UD and Grand Metropolitan International Distillers & Vintners businesses

2000

Diageo sells its food assets (the Burger King and Pillsbury companies) to focus business on premium drinks



2001

Diageo acquires the Seagrams spirits and wine business

DIAGEO PLC: SOME OF THE WORLD'S MOST ENDURING LIQUOR BRANDS



Johnnie Walker is the most popular whisky brand in the world



Crown Royal is the world's most popular Canadian whisky



Justerini and Brooks is the 5th most popular scotch whisky in the world



Buchanan's is the 3rd most popular premium scotch whisky in Latin America and the Caribbean



Windsor is the 2nd most popular super premium scotch whisky in the Asia Pacific region



Bushmills Irish whisky is the 3rd most popular Irish whisky in the world (recently divested)

DIAGEO PLC: SOME OF THE WORLD'S MOST ENDURING LIQUOR BRANDS



Captain Morgan is the 2nd most popular rum in the world



Smirnoff is the most popular premium vodka in the world



Ciroc is the second most popular ultra-premium vodka in the world



Kettle One is the second most popular super premium vodka brand in the United States



Bailey's is the most popular liqueur in the world



Don Julio is the most popular premium tequila brand in the world (recently acquired control)

DIAGEO PLC: SOME OF THE WORLD'S MOST ENDURING LIQUOR BRANDS



Tanqueray is the most popular imported gin in the United States



Guinness is the number one stout brand in the world and one of the best known beer brands



Bulleit Bourbon is a popular bourbon whisky in the super premium category



VAT 69 is a popular scotch whisky in the value category



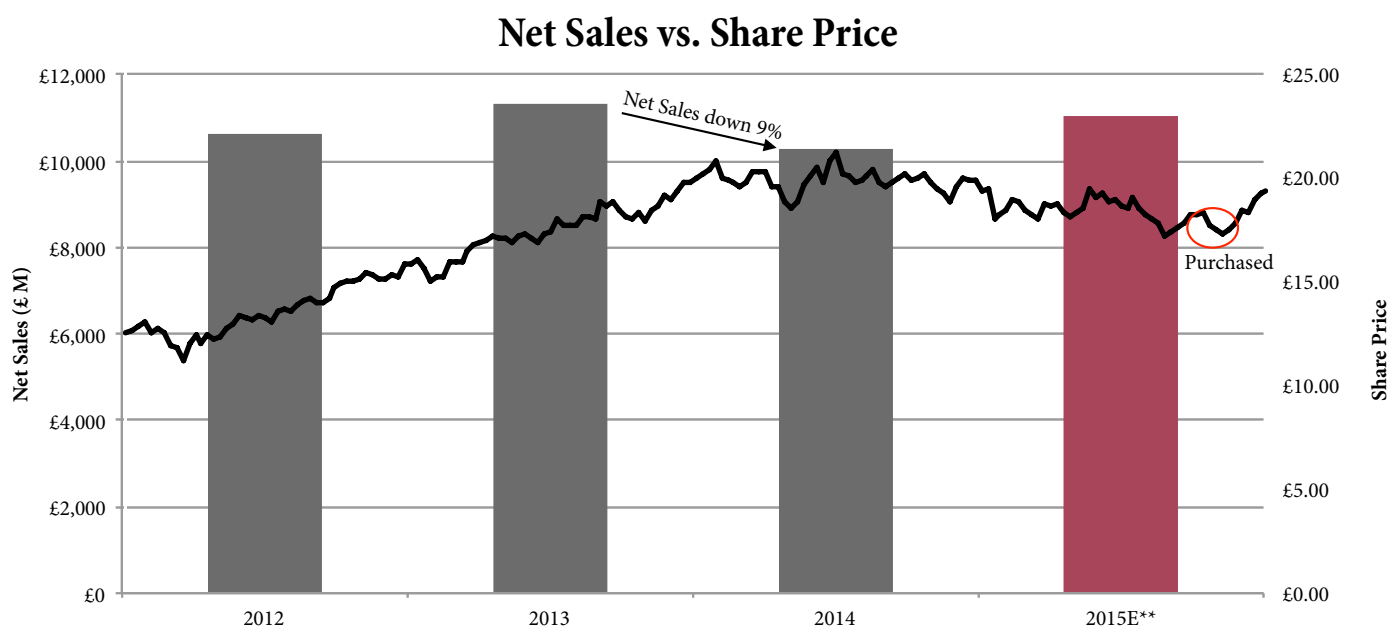
Grand Marnier is a popular orange flavoured liqueur



Gordon's gin is a popular gin in the value category

DIAGEO PLC: WEAKER FY2014 RESULTS PRESENTED AN OPPORTUNITY

- Declining share price over the past twelve months has largely been associated with declining revenue and earnings, stemming from the Company's exposure to emerging markets which have lagged the developed world recently
- We started to build our position in September 2014, at an average cost of £17.77 (to date)
- Current share price* = £18.27 (Market Capitalisation = £45.8B)



* AS AT 7 NOVEMBER 2014

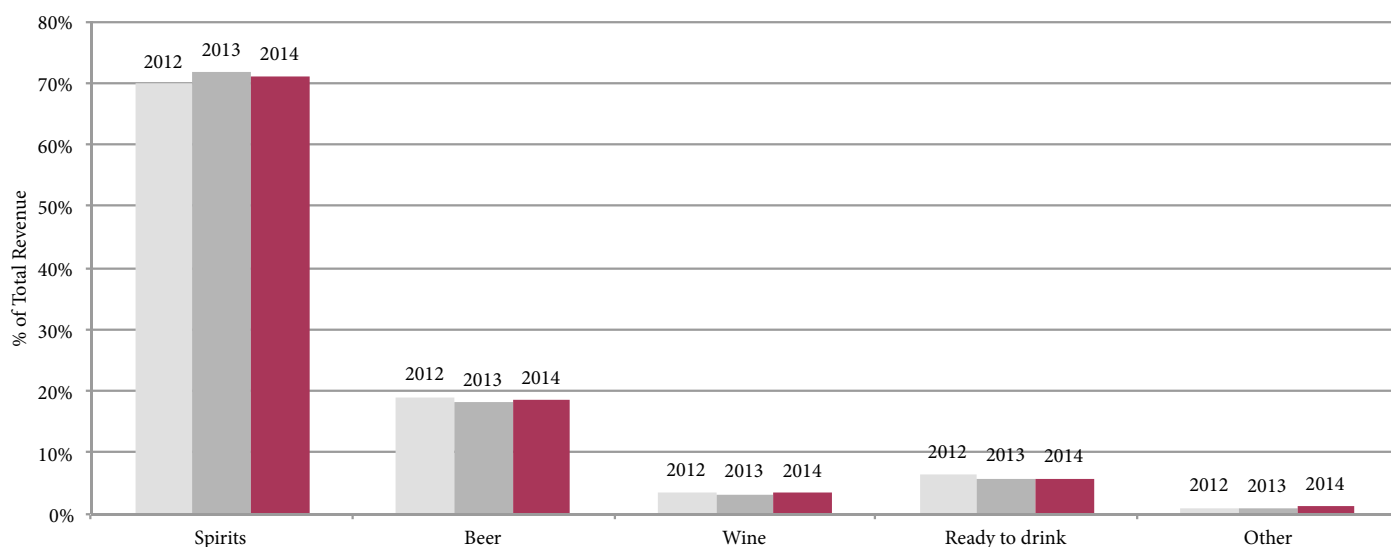
** SOURCE: THOMSON REUTERS STARMINE
ESTIMATE AS AT 28 NOVEMBER 2014

DIAGEO PLC: PRODUCT CATEGORIES

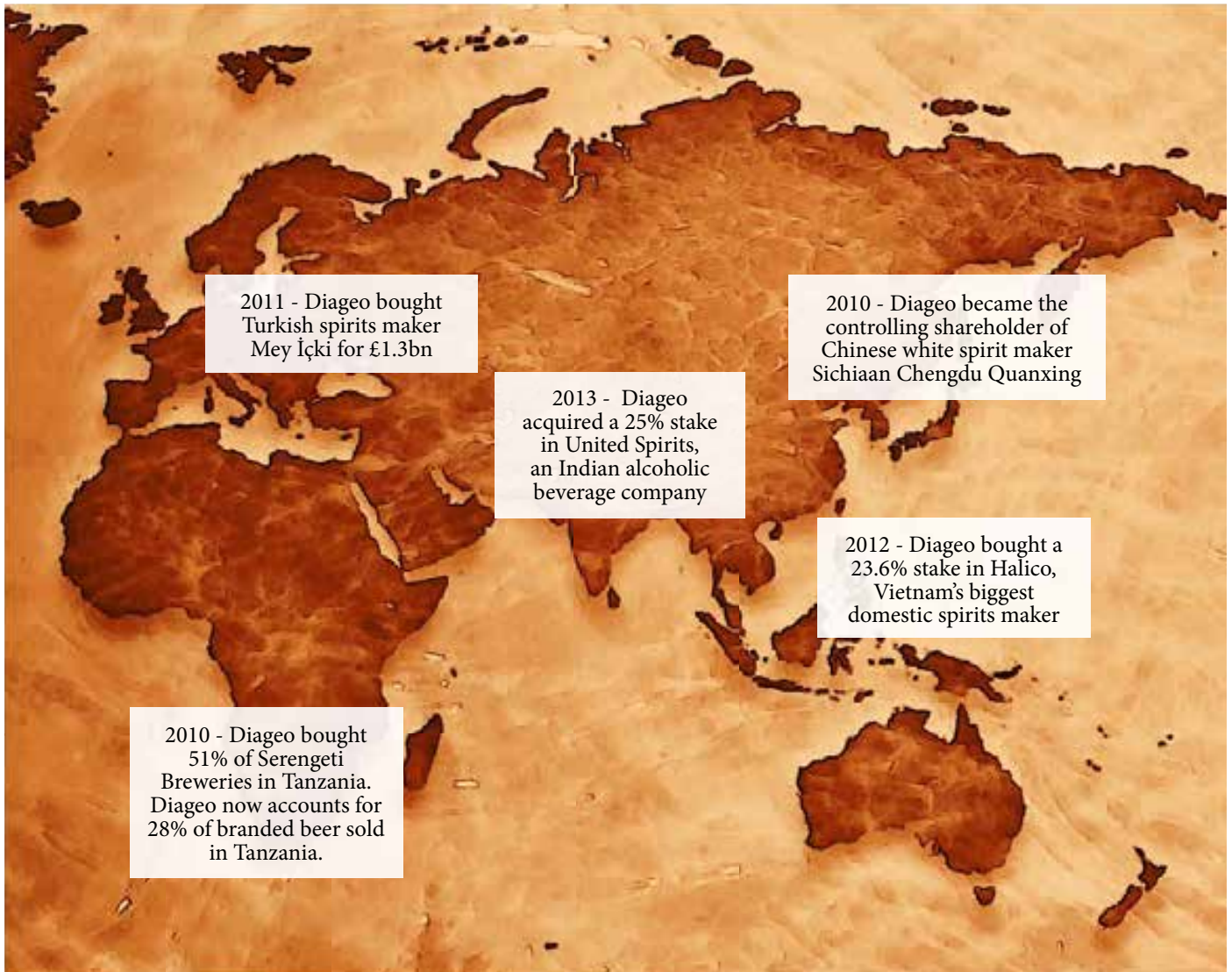
The Company offers products in the following five product categories:

- **Spirits** – 71% of FY2014 Total Sales, which includes Whiskey, Vodka, Rum, Liqueurs, Tequila and Gin
- **Beer** – 18% of FY2014 Total Sales
- **Wine** – 3% of FY2014 Total Sales
- **Ready to Drink** – 6% of FY2014 Total Sales
- **Other** – 1% of FY2014 Total Sales

Sales by Category



DIAGEO PLC: RECENT EXPANSION INTO EMERGING MARKETS



DIAGEO PLC: ASIA PACIFIC MARKETS

Diageo is operating in the following Asia Pacific markets:

- **South East Asia** – Vietnam, Thailand, Philippines, Indonesia, Malaysia, Singapore, Cambodia, Laos, Myanmar and Sri Lanka
- **Greater China** – China, Taiwan, Hong Kong and Macau India
- **Global Travel Asia**
- **Middle East**
- **Australia & New Zealand**
- **North Asia** – Korea and Japan

Diageo is accessing Asia Pacific through...

- **Malaysia** – 25.5% equity stake in Guinness Anchor Bhd
- **China** – 39.7% equity stake in Sichuan Shuijingfang Co., Ltd
- **Vietnam** – 45.6% equity stake in Hanoi Liquor Joint Stock Company
- **India** – Wholly-owned subsidiaries, and 54.8% equity interest in United Spirits Ltd (USL)
- **Philippines, Vietnam, Korea and Australia** – Wholly-owned subsidiaries
- **Singapore** – Diageo manages a key accounts business
- **Thailand, Malaysia, Singapore and Greater China** – JV arrangements with Moët Hennessy
- **Japan** – JV arrangements with Moët Hennessy and Kirin
- **Indonesia, New Zealand and Middle East** – Third party arrangements

ft.com > companies > retail&consumer >
March 28, 2014 12:05 pm

Diageo targets China and India in management shake-up

By Scheherazade Daneahkhu, Consumer Industries Editor



Diageo, the London-based owner of Johnnie Walker scotch and Smirnoff vodka, has shaken up its management team in a move that underscores its ambitions in emerging markets and lays down a marker by chief executive Ivan Menezes.

Mr Menezes, who has been in the post for less than a year, said on Friday that China and India were "key growth engines" for the group and entrusted their development to a dedicated manager.

DIAGEO PLC: STRONG POSITION IN AFRICA

Diageo is operating in the following African markets:

- **Nigeria**
- **East Africa** - Kenya, Tanzania, Uganda, Burundi, Rwanda, South Sudan
- **Africa Regional Markets** - Ghana, Cameroon, Ethiopia, Angola, Mozambique
- **South Africa**

Diageo's subsidiaries in Africa:

- Guinness Nigeria Plc (listed, 54.3%)
- Diageo Brands Nigeria Ltd (100%)
- East African Breweries Ltd (listed, 50.03%)
- Serengeti Breweries Ltd (51%)
- United National Breweries (50%)
- Other wholly-owned subsidiaries in Cameroon, Ethiopia, Mozambique, South Africa
- Other majority-owned subsidiaries in Ghana, Seychelles

Diageo's joint venture in Africa:

- DHN Ltd (42.25%, JV with Heineken and Namibia Breweries Ltd)
- Diageo has:
- 14 breweries in Africa
- 6 manufacturing facilities including glass, blending, malting and cider plants



DIAGEO PLC: POTENTIAL DIVESTMENT – BEER ASSETS?

While we like Diageo's beer assets (particularly the exposure to Africa), we consider the beer assets (~22% of net sales), including the world famous Guinness (~45% of beer sold by Diageo), to be candidates for divestment which would realise significant value for shareholders. We believe these assets may hold appeal to AB InBev, one of the most prominent acquirers in the beer industry currently.

We value the beer assets at £7.95B (£3.17 per share), equating to a 3.1x revenue multiple*.

Brand	Some Facts	Top Markets
Guinness	The number one black beer is brewed in over 50 countries and enjoyed in around 150 worldwide	Great Britain, Ireland, Nigeria, United States, Cameroon
Guinness Foreign Extra Stout	Nigeria is the second largest market for Guinness Foreign Extra Stout in the world. It is one of the most loved brands in the country	Nigeria, Kenya, Ghana, Cameroon
Harp Lager	Harp is the largest growing lager in Nigeria	Nigeria, Ireland, Australia, Canada, Africa, United States
Kilkenny	Kilkenny is craft brewed in the oldest operating brewery in Ireland	Canada, Australia, Ireland
Smithwick's Ale	Smithwick's was originally brewed in St. Francis Abbey Brewery in Kilkenny, situated on the site of a Franciscan abbey where monks had brewed ale since the 14th century	Ireland, Australia, Canada, US
Tusker Lager	Kenya's national beer brand Tusker lager has been brewed in East Africa since 1922 and claims the special heritage of being the first beer in East Africa	Kenya, Uganda, Tanzania
Red Stripe Lager	The famous Jamaican lager Red Stripe was the official beer of the 2005 Ashes cricket series	Jamaica, Great Britain, United States, Antigua
Senator Keg	Senator Keg is a high quality, low priced beer providing an affordable alternative to illicit brews	Kenya
Windhoek Lager	Windhoek Lager is a premium, golden lager beer brewed according to the Reinheitsgebot, the German Purity Law of 1516	South Africa, Namibia, Botswana, Angola
Bell	The oldest beer brand in Uganda. Bell lager is Uganda Breweries Ltd flagship brand and is the number one premium lager in Uganda	Uganda
Serengeti Premium Lager	An international award winning brand, having won several gold medals from DLG and Monde Selection, and a Super Brand award as one of East Africa's fastest growing and most popular brands	Tanzania
Meta		Ethiopia



* THE 3.1X REVENUE MULTIPLE IS DERIVED FROM TWO RECENT TRANSACTIONS/SPECULATED TRANSACTIONS INVOLVING AB INBEV. THE FIRST IS THE 2013 ACQUISITION OF GRUPO MODELO AT 2.6X ITS TTM REVENUE, AND THE SECOND IS THE POTENTIAL ACQUISITION OF SABMILLER WHICH IS SPECULATED TO BE AS MUCH AS 3.6X ITS TTM SALES

DIAGEO PLC: POTENTIAL DIVESTMENT – MOËT HENNESSY?

Diageo owns 34% of Moët Hennessy, the wines & spirits subsidiary of the French luxury goods producer LVMH. Moët Hennessy owns some of the most prestigious and celebrated brands in the wines & spirits markets, such as Moët & Chandon, Dom Pérignon, Veuve Clicquot, Glenmorangie and Hennessy. It also has a controlling interest in the pre-eminent New Zealand wine brand Cloudy Bay.

In our view, there is potential for Diageo to increase its ownership stake in Moët Hennessy to a controlling stake and the Company have made no secret of their intention to do so. For now the owner of LVMH, Bernard Arnault, has been unwilling to sell what has been the cash generator for the LVMH business.

We also see a possible divestment opportunity of the 34% stake in Moët Hennessy if Diageo cannot gain full control, and/or is to consider acquisitions such as Remy Cointreau or Gruppo Campari.

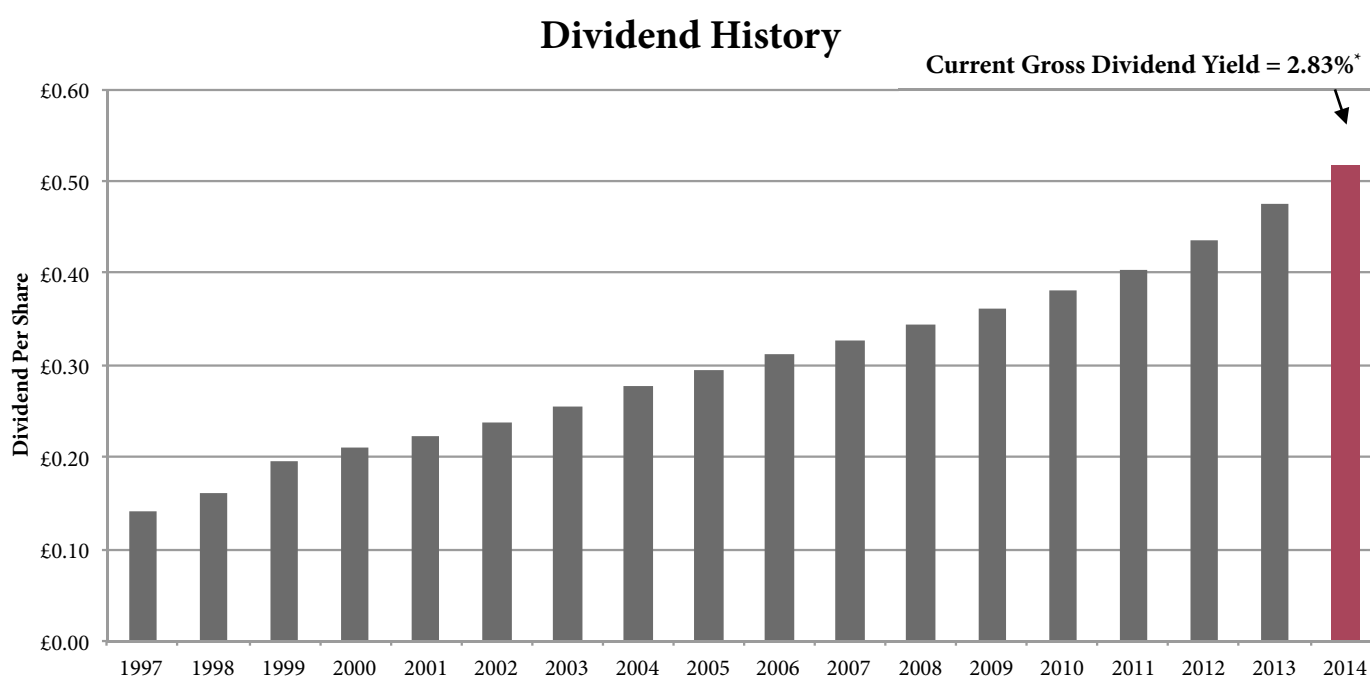
Conservative valuation puts the 34% stake in Moët Hennessy at £4.2B – £4.9B* (£1.67 – £1.95 per share)



* BASED ON MOËT HENNESSY'S 2014 COMPREHENSIVE INCOME AS REPORTED IN DIAGEO 2014 ANNUAL REPORT. BASE-CASE VALUATION IS 19.5X DIAGEO'S 34% OF MOËT HENNESSY'S 2014 COMPREHENSIVE INCOME, AND OPTIMISTIC-CASE VALUATION IS 22.5X DIAGEO'S 34% OF MOËT HENNESSY'S 2014 COMPREHENSIVE INCOME

DIAGEO PLC: DIVIDEND HISTORY

- Dividends per share of common stock on issue have increased consistently since 1997, when Diageo was created (Compound growth of 7.5% per annum)
- The FY2014 dividend amounts to a 57.6% payout ratio
- Diageo currently has a Gross Dividend Yield of 2.83%*

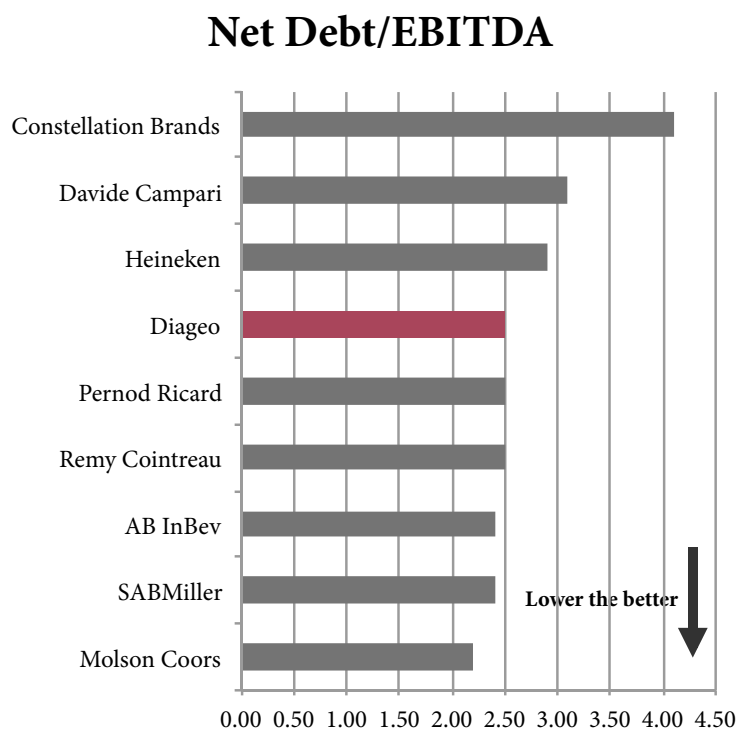
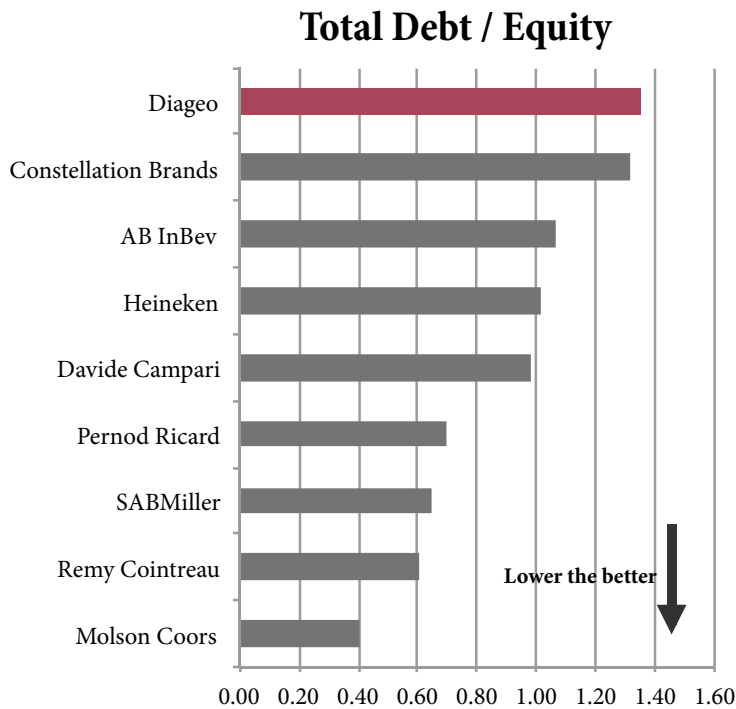


* AS AT 7 NOVEMBER 2014

DATA SOURCE: THOMSON REUTERS WORLDSCOPE

DIAGEO PLC: FINANCIAL LEVERAGE

- Diageo's debt levels of 135% Debt / Equity are higher than the industry average of 90%*
- However, due to its high and steady Free Cash Flow, its Net Debt / EBITDA of 2.5x is below the peer group average of 2.7x*

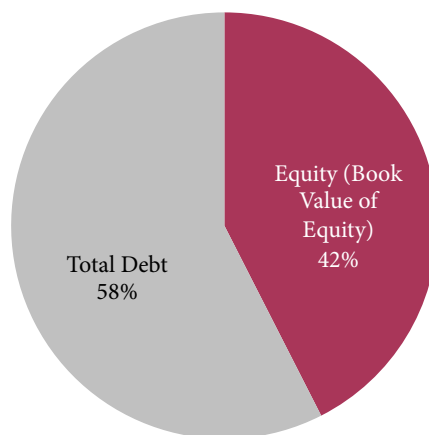


* DATA SOURCE: THOMSON REUTERS EIKON AS AT 7 NOVEMBER 2014

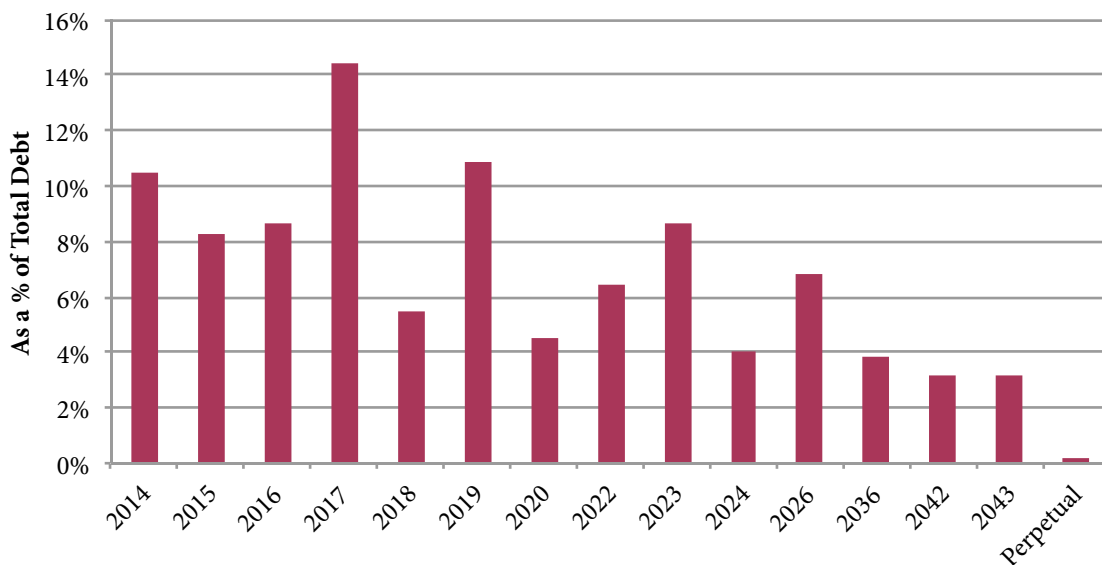
DIAGEO PLC: CAPITAL STRUCTURE

- **Equity** – Diageo has 2.51 billion shares outstanding. Current market capitalisation is ~£45.8B based on share price of £18.27*
- **Debt** – Diageo currently has £9.2B in total debt, down from £10.1B as at the end of FY2013. However, the stock still has a relatively high Debt/Equity ratio of 135% and Debt/Assets of 58%. The borrowing in recent years has been drawn down to fund new acquisitions and expansion into new markets
- **Debt Maturity Structure** – Diageo’s bonds and interest bearing obligations are spread over a long period of time. The majority of the bonds are issued in the US and are denominated in USD

Capital Structure



Debt Maturity Profile



* AS AT 7 NOVEMBER 2014
 DATA SOURCE: DIAGEO PLC 2014 ANNUAL REPORT

DIAGEO PLC: COMPARABLE COMPANIES

- Diageo trades at a discount to its peer group average on a P/E basis, trailing 12 months and forward 12 months
- It trades at a premium to its peers based on EV/EBITDA multiple reflecting the fact that Diageo has higher leverage than its peers
- Diageo has the highest dividend yield at 2.83% versus the peer average of 1.8%

Peer Group

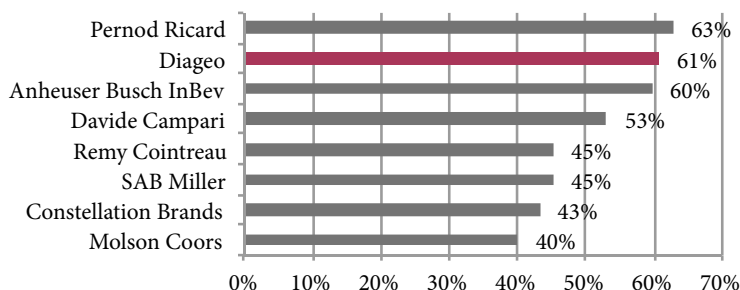
	Trailing P/E	Foreward P/E	Price/Sales	EV/EBITDA	Price/Book	Dividend Yield
AB InBev	21.2x	19.3x	3.6x	10.6x	3.2x	2.1%
Constellation Brands	22.9x	19.7x	2.8x	12.9x	2.6x	0.0%
Davide Campari	21.5x	19.2x	2.0x	10.9x	2.0x	1.4%
Heineken	19.9x	17.8x	1.7x	9.1x	2.5x	1.5%
Molson Coors	17.2x	17.3x	2.9x	10.1x	1.4x	2.0%
Pernod Ricard	21.1x	17.6x	2.8x	12.9x	1.9x	1.8%
Remy Cointreau	33.3x	29.2x	2.8x	17.8x	2.5x	2.2%
SABMiller	22.4x	20.7x	5.1x	14.2x	3.0x	1.8%
Peer Group Median	21.4x	19.3x	2.8x	11.9x	2.5x	1.8%
Diageo	18.9x	18.3x	4.1x	14.3x	5.6x	2.8%

DIAGEO PLC: COMPARABLE COMPANIES

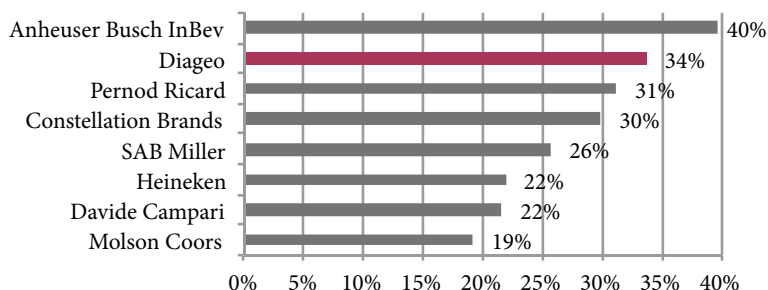
– MARGIN ANALYSIS

- Diageo, Anheuser Busch and Pernod Ricard are consistently among those with the largest margins, particularly so in the gross margin category. This is due to the advantages of economies of scale as they are the largest alcoholic beverage producers
- We note that Diageo's margins have trended up since 2010, however the EBITDA and operating (EBIT) margins have been largely flat. One driver of increasing margins going forward is likely to be shareholder pressure on management in the industry in general as a result of cost reduction precedents set by the likes of 3G Capital. 3G has a reputation for improving the margins of its takeover targets by significantly reducing Selling, General and Administrative Expenses

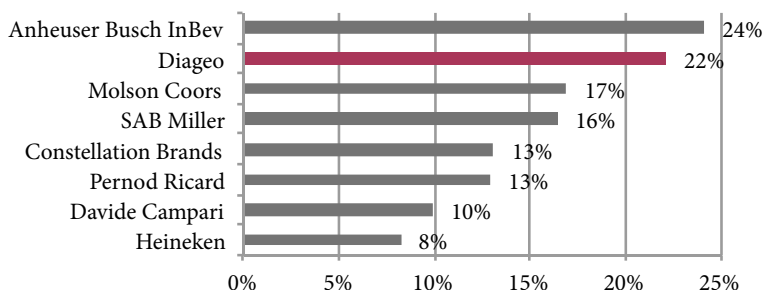
Gross Margin



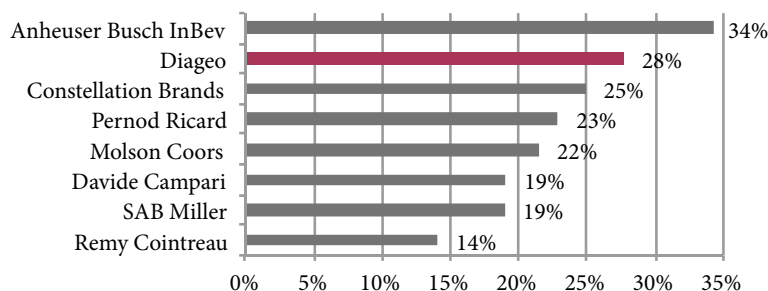
EBITDA Margin



Net Margin



Operating Margin

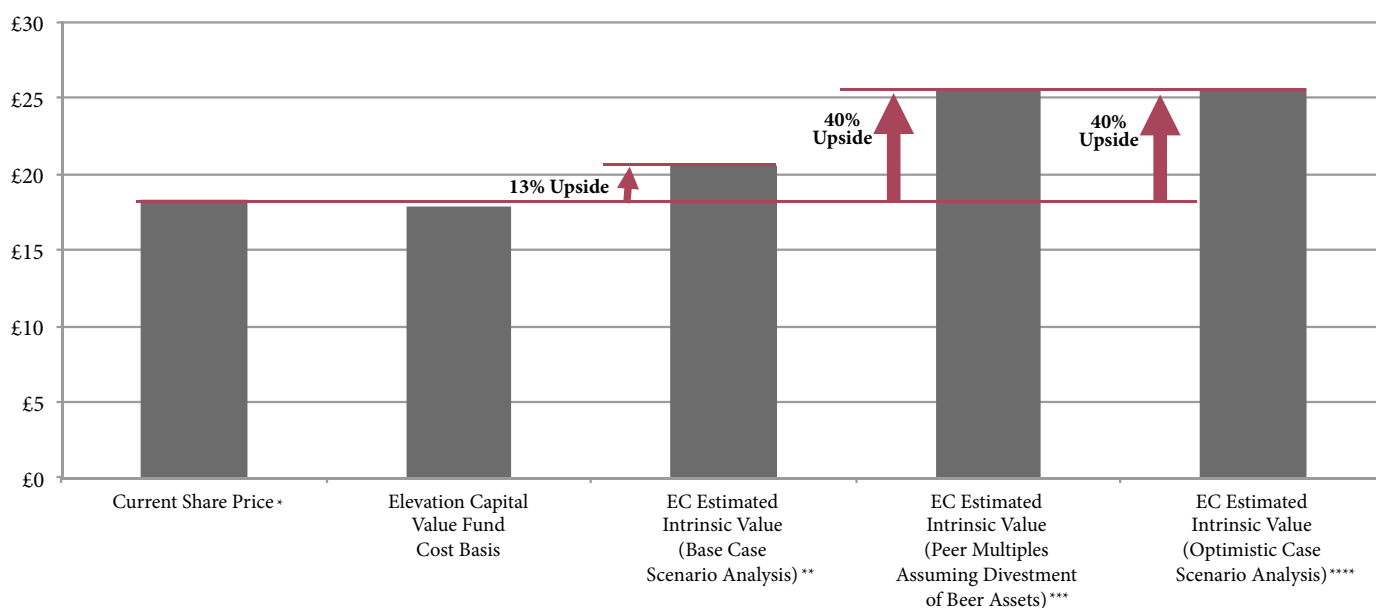


DATA SOURCE THOMSON REUTERS EIKON AS AT 7 NOVEMBER 2014

DIAGEO PLC: ELEVATION CAPITAL'S VALUATION

- We believe that Diageo is undervalued by the market on both a cross sectional (comparison with other companies) and a time series (compared with its own historical trading multiples) basis
- We believe Diageo is currently trading at a 29% discount (40% upside potential) to our Estimated Intrinsic Value of £25.55 per share

Valuation Summary



* DIAGEO SHARE PRICE AS AT 7 NOVEMBER 2014

** BASE CASE SCENARIO VALUATION IS BASED ON 19.5X 2016 ESTIMATED BASE CASE EPS OF £1.20, DISCOUNTED TO PRESENT VALUE (DISCOUNT RATE = 6.5%)

*** PEER MULTIPLES VALUATION IS BASED ON 20.1X EC ESTIMATED 2014 NET INCOME (EXCLUDING BEER SEGMENT) + 3.1X BEER SEGMENT 2014 TOTAL SALES

**** OPTIMISTIC CASE SCENARIO VALUATION IS BASED ON 22.5X 2016 ESTIMATED OPTIMISTIC CASE EPS OF £1.28, DISCOUNTED TO PRESENT VALUE (DISCOUNT RATE = 6.5%)

DIAGEO PLC: KEY OPPORTUNITIES

Exposure to Emerging Markets (“EM”)

Diageo remains one of the best means of increasing exposure to emerging market growth without the enhanced risks of directly investing in EM stocks. Diageo has increased its exposure to Africa over the past decade, a fact we like. According to the African Development Bank, there will be 65 million more legal drinkers in Africa by 2023. This is a significant opportunity and Diageo is targeting the continent via the beer segment, as this is the drink Africans tend to prefer. Guinness and Tusker, both popular drinks in Africa, are the key Diageo products in this market.

Scale

One of Diageo’s biggest advantages is its scale. Its size allows it to exploit economies of scale not available to its competitors in the spirits industry. This has allowed the Company to consistently produce gross, operating and net margins which are significantly above the peer group average. Similarly, it is able to generate the highest ROE and ROA among its peers.

Brands

Diageo has two primary sources of competitive moat, its scale and the popularity of its brands. Johnnie Walker, Smirnoff, Tanqueray, Baileys, Guinness, Captain Morgan, Hennessy and Moët & Chandon are some of the most enduring brands in the alcohol industry, giving Diageo a significant presence in virtually all product categories. Equally important, Diageo has popular brands in numerous price categories, from ultra-premium to value.

M&A Opportunities

On 3 November 2014, Diageo announced that it would acquire full control of the Don Julio brand of tequila (of which it had previously owned 50%) in a deal which would see Diageo swap Bushmills whisky for the high growth tequila brand (along with a payment of \$408 M to be received by Diageo). This shows that Diageo is thinking about its brand portfolio and is willing to undertake both divestments as well as acquisitions in order to add value for shareholders. In the long run, some key brands may be divested or full control may be acquired. We see the 34% stake in Moët Hennessy as a possible divestment opportunity if Diageo cannot gain full control (which it is seeking to do). Guinness could also be a high value spin-off/sale for shareholders.

We also consider Diageo’s beer assets, including Guinness and East African Breweries, to be candidates for divestments which would add value for shareholders. We believe these assets hold appeal to ABInBev, one of the most prominent acquirers in the beer industry currently.

Localising the Product Range

Globally, the alcoholic beverage market is extremely diverse. Diageo has recognised this and openly addresses its intention to expand its product portfolio to further localise its offerings. This strategy has led it to Asia, where it has acquired the Chinese white spirit maker Sichuan Chengdu Quanxing (including its popular brand Shui Jing Fang), Turkey, where it has acquired Mey Ickim another local distiller and Africa, where it has acquired Serengeti Breweries among other assets.

DIAGEO PLC: KEY RISKS

Regulatory Risks

Governments globally have become more inclined to legislate against alcohol, whether through increasing taxes or by restricting the ability of retailers to sell alcoholic beverages. This is being countered by the alcohol industry through campaigns to reduce problem drinking, etc. Diageo is a leader in this field, however, increased levels of regulation represent a risk to the industry as a whole.

Exchange Rate Risks

Diageo has a high level of exposure to emerging markets which have recently experienced sizeable capital outflows. The translational effects of the associated depreciation of EM currencies has contributed to a fall in revenue and earnings. Similarly, sharp movements of the USD against the GBP could have a detrimental impact on Diageo's financials as North America accounts for 34% of net sales, and 45% of operating profit.

Political Risks

Diageo operates in a number of regions around the world, some of which are less politically stable than others. These regions/countries tend to represent strong growth opportunities. However, they also increase the level of political risk to which Diageo is exposed. This can be realised in the form of unfavourable legislation, nationalisation or the effects of macroeconomic mismanagement.

High Level of Debt

Diageo's debt level is higher than its peers, at 135% Debt/Equity. However, Net Debt/EBITDA is 2.50x, in line with peers. Because of its lower Net Debt/EBITDA metric, we see Diageo's debt as a low level risk, but feel its high overall debt levels to be an issue worth highlighting.

Failure to Deliver Expected Value from Acquisitions

Diageo is a natural acquirer in the industry because of its size and growth strategy. If it fails to deliver value from acquisitions and/or integrate them effectively, including failure to embed Diageo's standards of compliance with laws, internal policies and controls, this will effect profitability.

US top court won't touch Havana Club
By CB Online Staff
cbnews@caribbeanbusinesspr.com; cbprdigital@gmail.com



Bacardi has scored a technical knockout in its trademark fight with Pernod Ricard over the right to sell its Havana Club rum in the United States.

The U.S. Supreme Court on Monday refused to hear Pernod's appeal of a lower court ruling that its claim to the Havana Club brand was not valid in the United States because it concerns a trademark used by a business that was nationalized by the Cuban government.

The refusal by the top court to take up the case, which has no effect on the Havana Club trademark in other countries, adds to a cocktail of court opinions stretching from the U.S. to Spain in the Havana Club legal spat.



ABSOLUT TAXES.

On Tuesday, September 1st, the Illinois liquor tax will go up **90%**. Stock up.

www.illinoispolicyinstitute.org

DIAGEO PLC: ELEVATION CAPITAL CONCLUSION

Weak Share Price Presented a Longer Term Opportunity

Recent share price weakness has led to what we believe is an opportunity to acquire Diageo shares at a discount to our estimate of intrinsic value. This decline has been largely associated with decreasing revenue and earnings, stemming from the Company's exposure to emerging markets which have lagged the developed world recently. In connection with this, currency worries have also taken their toll on Diageo's revenue and earnings.

Margin-of-Safety – Brand Strength

Diageo owns some of the most recognisable alcohol brands in the world. Johnnie Walker, Guinness, Baileys and Smirnoff (to name a few) are enduring brands with reputations for quality. This dominance in the number and type of brands relative to other alcoholic beverage producers forms part of Diageo's competitive moat.

Margin-of-Safety – Scale

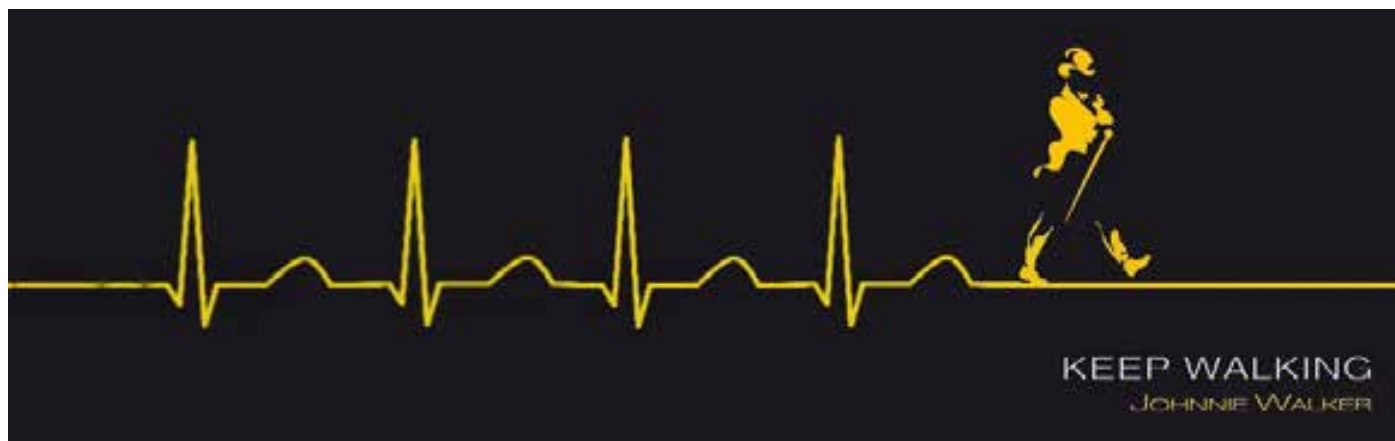
Diageo's scale allows it to have the highest gross and net margins amongst its peers. The synergies between its brands and business segments and the economies of scale it can leverage present the Company with a meaningful advantage over its competitors.

Margin-of-Safety – Valuation

We value Diageo using two methods; a peer multiples approach which accounts for a potential divestment opportunity which we perceive for the Company's beer assets; and a scenario analysis approach which yields a conservative and an optimistic estimate of intrinsic value. We believe the stock is trading at a discount to our Intrinsic Value Estimates (11% - 29%), with upside potential of 13% - 40% (not including dividends).

Opportunities for Value Creation – Many Ways for Shareholders to Win

A number of opportunities for value creation are available to Diageo. Africa provides it with a dynamic and growing market and, in turn, investors gain a unique exposure to the fast growing African economy without the inherent risks of direct investments. Diageo's beer segment, intrinsically linked to the company's African operations, also presents a potential M&A opportunity. Consolidation in the beer market has been notable recently and the largest players in the industry have sought to increase their operations in Africa. Similarly, the localisation of Diageo's product line, particularly in Asia, also provide it with the opportunity to tap new markets. The 34% stake in Moët Hennessy could also present a divestment/value realisation opportunity for the Diageo shareholders.



ELEVATION CAPITAL MANAGEMENT LIMITED

ENCANA CORPORATION [ECA:US]

Research Presentation released in July 2014





encana.
natural gas

ENCANA: PRODUCER OF NATURAL GAS, OIL AND NATURAL GAS LIQUIDS



NATURAL GAS

90%

2013 Volume:
Canada 52%, USA 48%



OIL & NATURAL
GAS LIQUIDS

10%

2013 Volume:
Oil 49%, Plant Condensate 16%
Butane 8%, Propane 13%,
Ethane 14%

ENCANA: PRODUCER OF NATURAL GAS, OIL AND NATURAL GAS LIQUIDS



NATURAL GAS

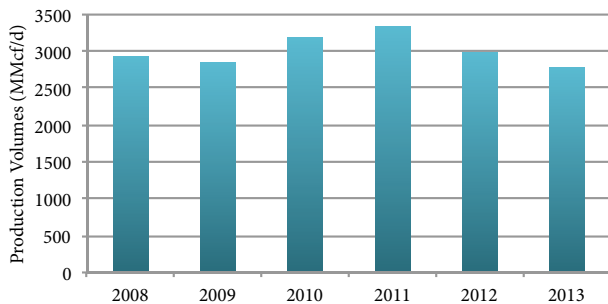
Natural Gas Production Volumes



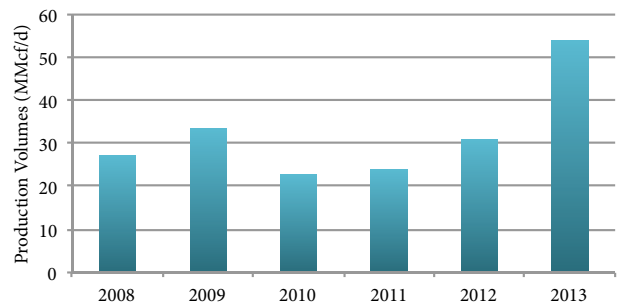
OIL & NATURAL GAS LIQUIDS

Oil & NGLs Production Volumes

Natural Gas Production Volumes



Oil & NGLs Production Volumes

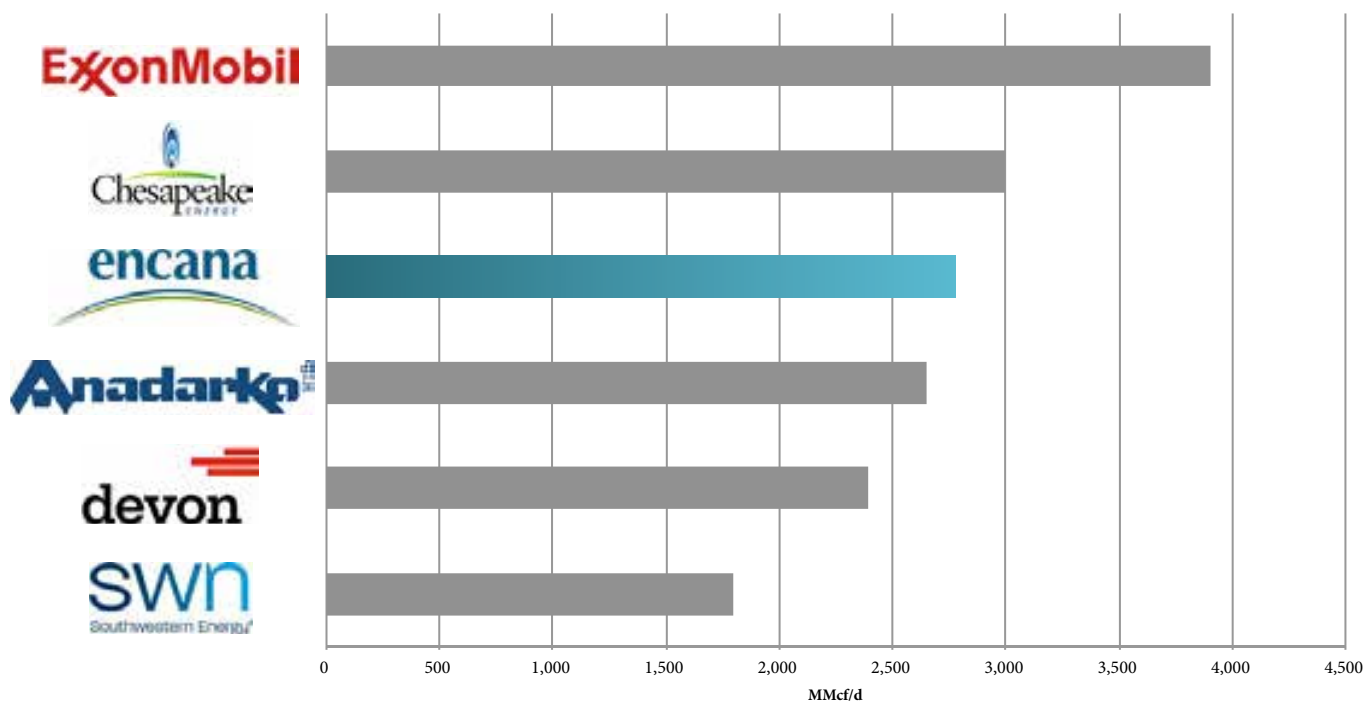


ENCANA: 130+ YEARS OF HISTORY

- 1881 The Government of Canada commissioned Canadian Pacific Railway (CPR) to build a transcontinental railroad. As part of its , CPR received 25 million acres of land, some of which came with mineral and surface rights.
- 1958 Canadian Pacific Railway creates Canadian Pacific Oil and Gas Company to hold its mineral rights and begin an aggressive exploration and production program.
- 1971 PanCanadian Petroleum Ltd. is created by the merger of Canadian Pacific Oil and Gas and Central-Del Rio Oils.
- 2001 PanCanadian Petroleum Ltd. becomes PanCanadian Energy Corporation – a 100 percent public listed company
- 2002 Encana is formed by the merger of AEC (Alberta Energy Company) and PanCanadian Energy Corp
- 2007 Encana and ConocoPhillips create an integrated North American heavy oil business
- 2009 Encana splits along business lines to create two independent publicly traded energy companies – Encana and Cenovus
- 2013 President & CEO Randall K. Eresman announces his retirement, and David O'Brien steps down as Chairman
Doug Suttles becomes the new President & CEO, and Clayton Woitas has been appointed Chairman
Strategic review performed and new Corporate Strategy launched in November
- 2014 2014 Q1 results suggest successful execution of the new strategy
Encana unlocks new value from its 5.2M acres of Alberta fee title lands with the IPO of PrairieSky Royalty in May

ENCANA: ONE OF THE LARGEST NATURAL GAS PRODUCERS IN AMERICA

Top Natural Gas Producers In America*



* SOURCE: COMPANY ANNUAL REPORTS, US NATURAL GAS PRODUCTION FIGURES FOR EXXONMOBIL

ENCANA: FRACKING AND US NATURAL GAS PRICES

- 1997** George Mitchell applied fracking technique to shale making shale gas extraction economical. Since, natural gas production in the US has outstripped growth in consumption leading to depressed natural gas prices
- 2000** Shale gas provided only 1% of US natural gas production
- 2010** Shale gas provided over 20% of US natural gas production
- 2035** The US Government's Energy Information Administration predicts 46% natural gas supply will come from shale gas*

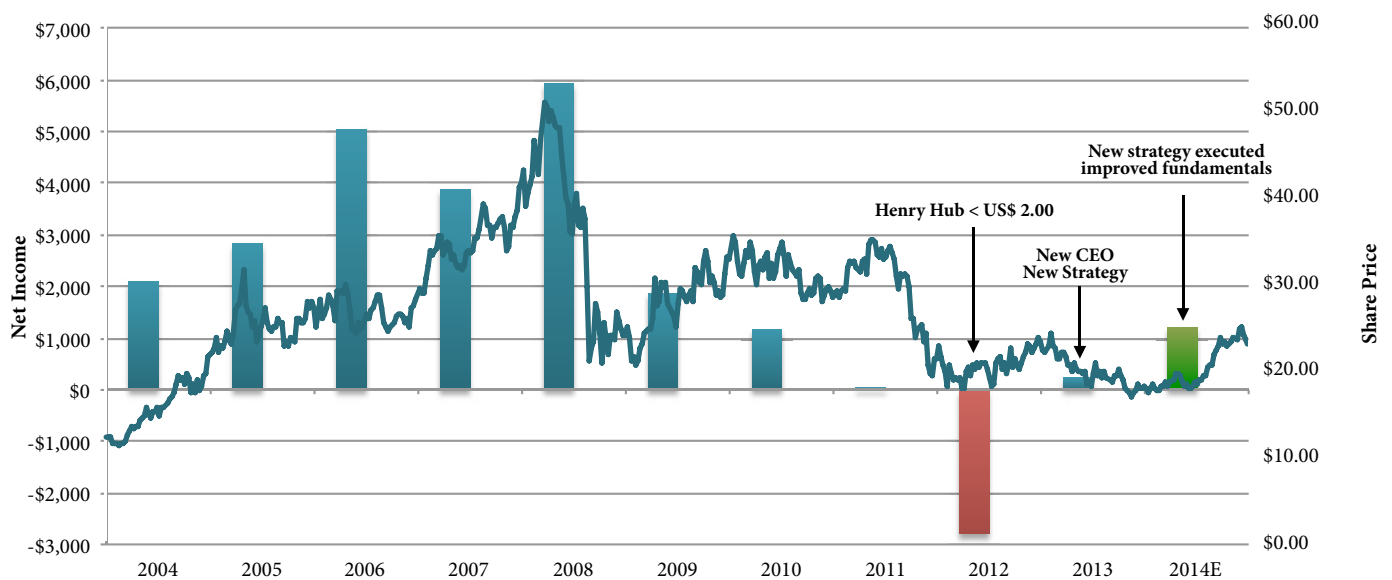
Henry Hub Natural Gas Spot Price (\$/MBTU) from 1997 to 2014



* [HTTP://WWW.CHATHAMHOUSE.ORG/PUBLICATIONS/PAPERS/VIEW/185311](http://www.chathamhouse.org/publications/papers/view/185311)

ENCANA: DEPRESSED NATURAL GAS PRICE CREATES OPPORTUNITY

- 2008 Share price US\$ 50.36 / Market Cap = US\$ 37.8B
- 2011 Elevation Capital Value Fund begins acquiring position, ultimately resulted in attractive average cost of US\$ 18.74*
- 2012 US natural gas prices dropped below US\$ 2** Share price US\$ 17.49 / Market Cap = US\$ 12.9B
- 2014 Current share price* US\$ 21.85 / Market Cap = US\$ 16.2B



* AS AT 11/7/2014

** MBTU = THOUSAND BRITISH THERMAL UNITS

ENCANA: 2013 – NEW CEO, NEW FOCUSED CORPORATE STRATEGY

CEO



Doug Suttles – New President & CEO

CORPORATE STRATEGY



New Corporate Strategy launched November 2013

Doug Suttles:

- Joined Encana as President & CEO in June 2013
- With 30 years of experience in the oil and gas industry in various engineering and leadership roles
- Before joining Encana, Doug held a number of senior leadership posts at BP, including Chief Operating Officer, BP Exploration & Production, and President, BP Alaska

Summary:

- Reduce gas positions while retaining gas optionality
- Reduce poor capital allocation and focus 75% of CAPEX on top few liquids rich and oil assets
- Preserve investment grade credit rating by aligning CAPEX and dividend with cash flow, the quarterly dividend was reset from US 20c to US 7c
- Unlock new value with the Clearwater Royalty IPO
- Reduce workforce by 20%

ENCANA: NEW STRATEGY – FOCUS ON SIX CORE ASSETS



Top Six Assets*:

- Returns over 40%**
- Liquids rich and oil assets as opposed to natural gas
- Running room and scalability – growth potential of ~50,000 boe per day
- Best in class asset base
- Diversification of commodity, geography and life cycle

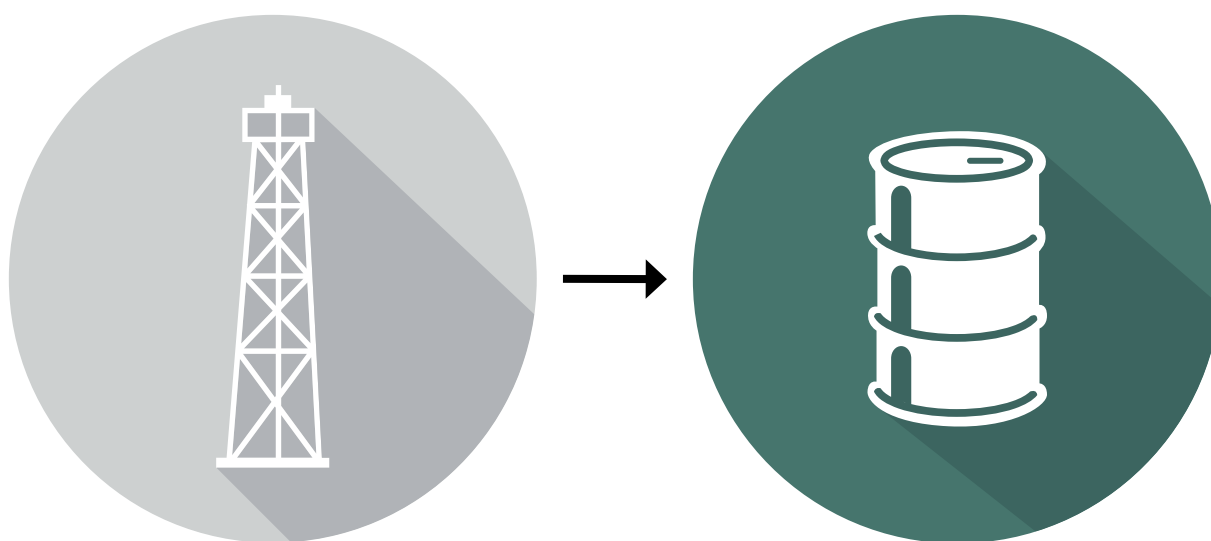


* EAGLE FORD ACQUISITION CLOSED ON 20 JUNE 2014 AND HAVE BEEN INCLUDED IN THE KEY CORE ASSETS

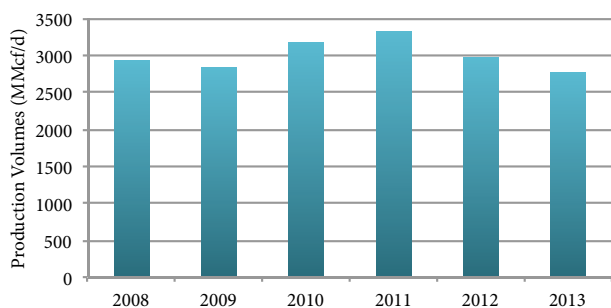
** THESE ARE RATE OF RETURNS BASED ON TYPE CURVE AND ASSUMES FLAT PRICING TO 2017 OF \$4/MMBTU NYMEX, \$90/BBL WTI

ENCANA: NEW STRATEGY – HIGHER MARGIN PRODUCTION

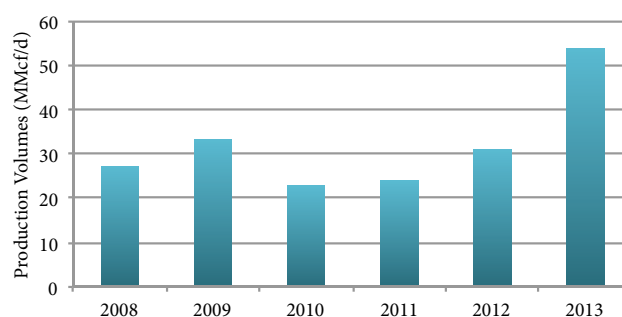
Over time replace lower margin products with higher margin products.



Natural Gas Production Volumes

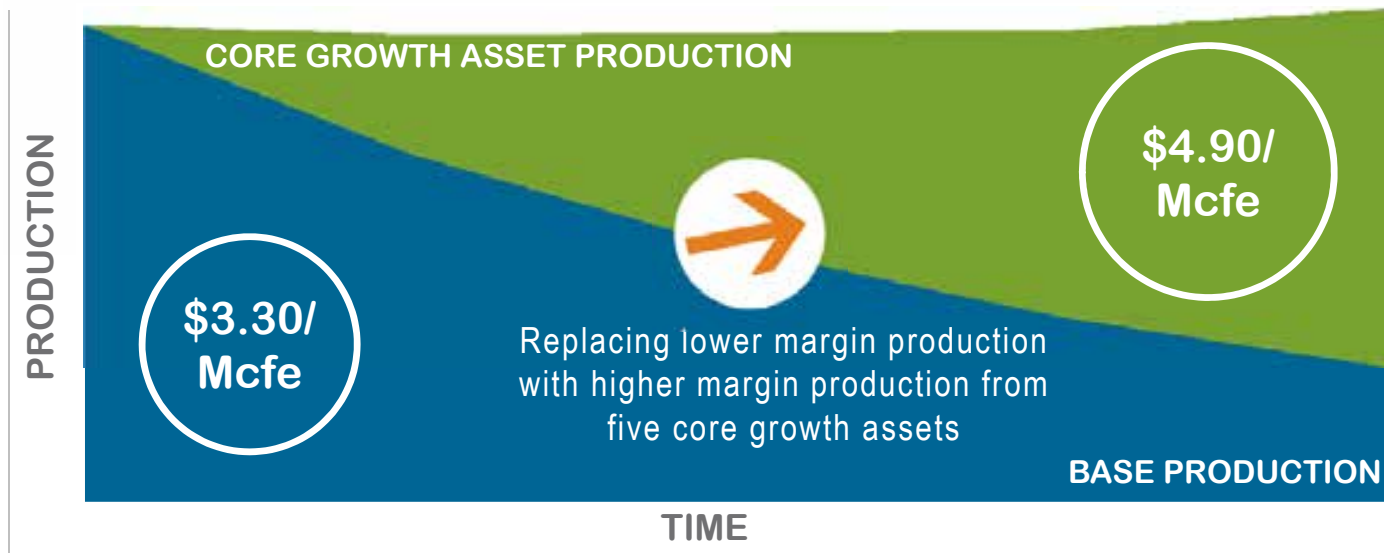


Oil & NGLs Production Volumes



ENCANA: NEW STRATEGY – HIGHER MARGIN PRODUCTION

Over time replace lower margin products with higher margin products.

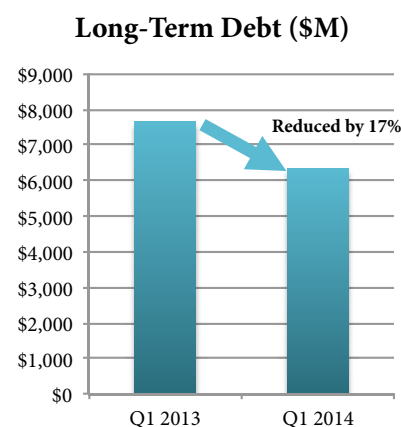
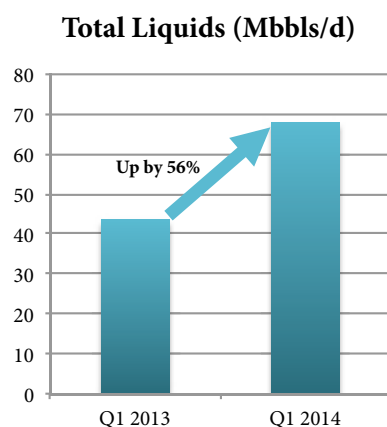
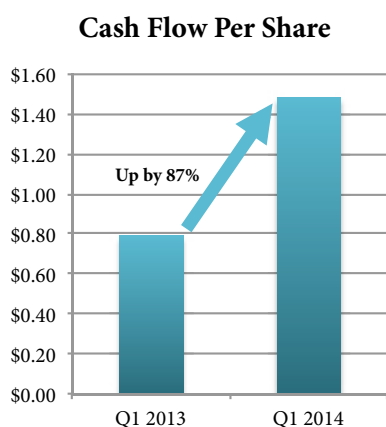


● 2014F Pre-hedge upstream operating cash flow/Mcfe



ENCANA: Q1 2014 RESULTS – PROGRESS & TRANSFORMATION OBSERVED

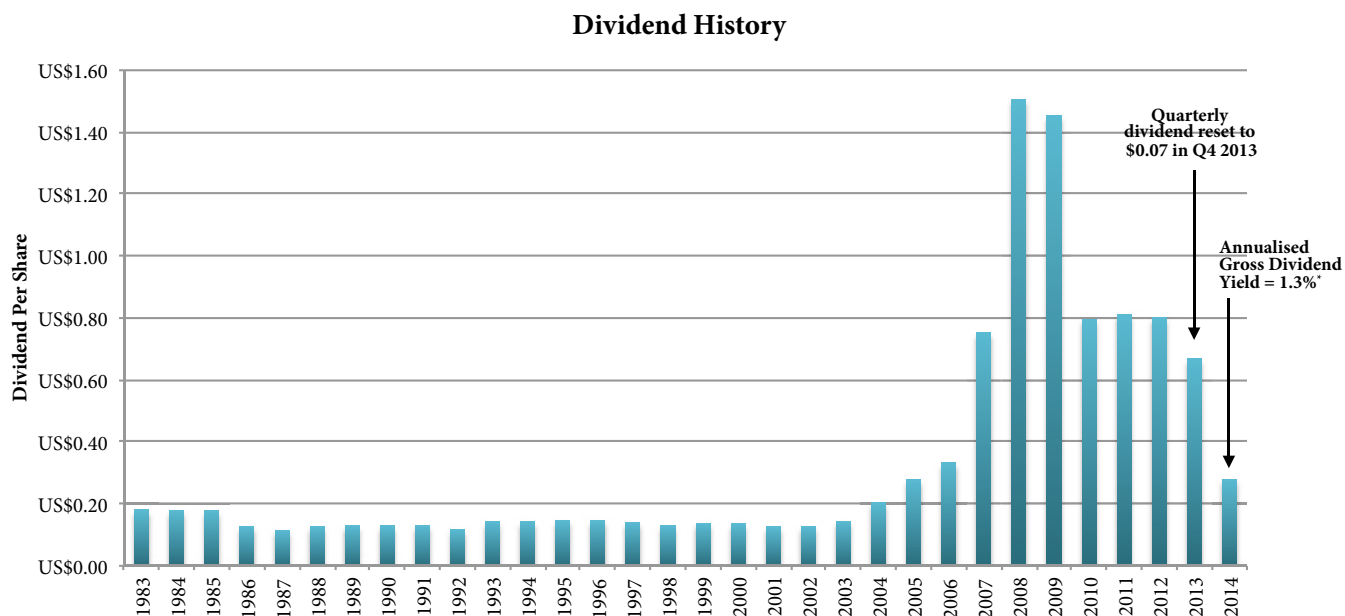
- 80% of Q1 CAPEX allocated to core growth plays
- Announced US\$ 3.1B acquisition of the 6th core asset in Eagle Ford (completed on 20/6/2014)
- Announced ~US\$2.3B of non-core asset sales
- Filed preliminary prospectus for PrairieSky Royalty IPO (completed on 30/5/2014)
 - Over-allotment option exercised, the company raised US\$1.67B of gross proceeds and now owns 54% of PrairieSky (Marketcap = CAD 5.1B*)
- Reduced debt by US\$ 1B with no further maturities until 2017
- US\$ 2.2B cash & cash equivalents at the end of Q1, and 54% of PrairieSky Royalty valued at CAD 2.8B**
- Guidance of US\$ 300M of free cash flow in 2014 in excess of expected capex and dividend payments
- S&P revised outlook to 'Stable' from 'Negative'



* AS AT 14/7/2014

** AS AT 14/7/2014, PRE-TAX – IF ANY PAYABLE

ENCANA: CAPITAL RETURN VIA DIVIDENDS



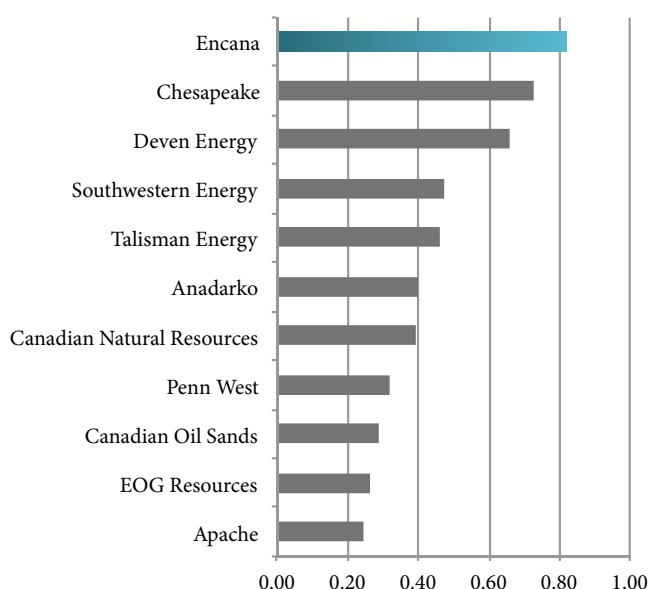
“... the dividend needed to be sustainable through a volatile commodity price environment. So, we see the dividend as an important part of our total shareholder return, and it’s important that we maintain a strong balance sheet and our investment grade rating. As we worked through that process, we believed the appropriate place to reset our dividend is at \$0.07 per share on a quarterly basis.”

Encana New Corporate Strategy Launch Transcript – November 2013

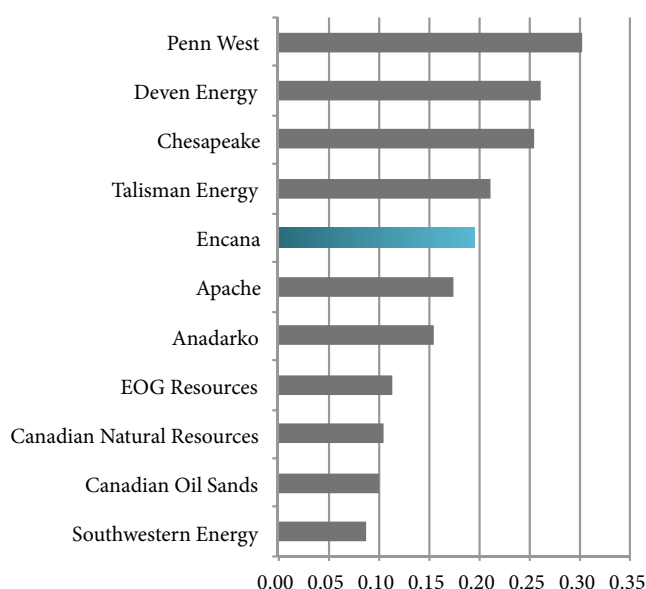
ENCANA: FINANCIAL LEVERAGE

- The company has higher financial leverage when compared to its peers* based on the Net Debt/Equity ratio (0.82x). However, it is an 18% improvement from 2013 level (1.00x)
- The company's leverage clearly improves when we compare its Net Debt to Proved Reserves** (0.2x) vs its peer group average* - It is important to note this is a much better metric for the oil & gas sector
- We suggest the difference between the two metrics is caused by the depressed natural gas prices in recent years that resulted in accounting impairments and reduced earnings that clearly impacted the value of equity on the balance sheet

Net Debt/Equity



Net Debt/Proved Reserves

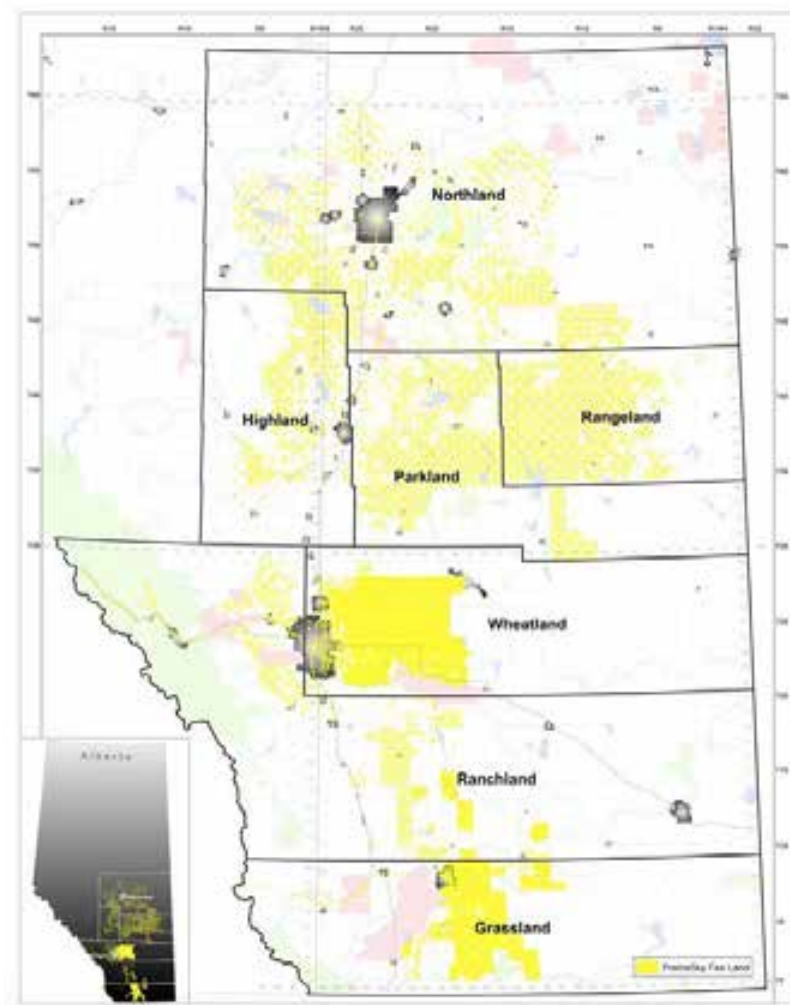


* NET DEBT DATA SOURCE: THOMSON REUTERS AS AT 10/7/2014

** THE VALUE OF PROVED RESERVES ARE BASED ON THE EXXON MOBIL/XTO TRANSACTION OF US\$ 17.47 / BOE FOR 1P RESERVES

ENCANA: 30 MAY 2014 – PRAIRIESKY ROYALTY (PSK:CN) IPO

- To unlock new value from the company's assets, the company decided to spin off about 5.2 million acres of oil and gas areas in central and southern Alberta into a unit called PrairieSky Royalty in an IPO
- The IPO was completed on 30 May 2014, and the company raised US\$ 1.67B of gross proceeds (including over-allotment option), and resulted in the company holding 54% of the common shares of PrairieSky (MarketCap = CAD 5.1B*)
- The proceeds are likely to be used to pay for part of the US\$ 3.1B acquisition of the Eagle Ford asset from Freeport-McMoRan, and to pay down its US\$ 6.3B long-term debt**
- If the company decided to divest the remaining 54% stake of PrairieSky (Pre-Tax Market Value = CAD 2.8B*), it could really make a dent in the company's debt levels
- PrairieSky also highlights the inherent value in some of the company's underlying asset base



* AS AT 14/7/2014

** AS AT Q1 2014

ENCANA: COMPARABLE COMPANIES

- The stock is trading at a discount to its peers using earnings-based valuation methods

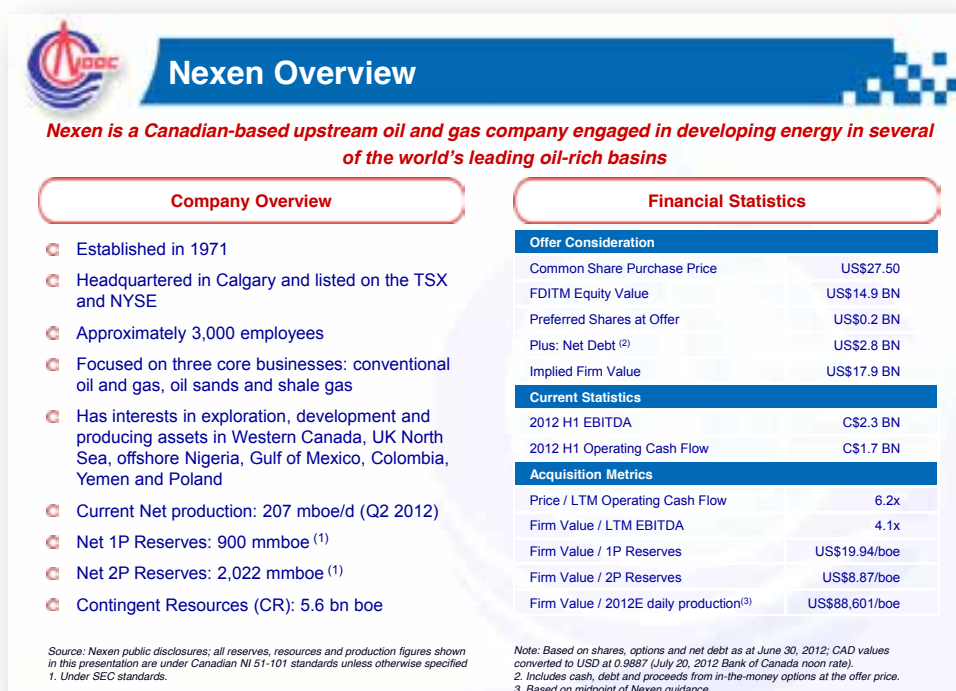
VALUATION	P/E (TTM)	P/E (NTM)	PRICE / SALES (NTM)	EV / EBITDA (NTM)	PRICE / CF (NTM)	PRICE / BV (NTM)	DIV. YIELD (Latest)
Anadarko Petroleum Corp	23.0x	20.0x	3.1x	5.9x	5.9x	2.5x	1.0%
Apache Corp	13.0x	13.8x	2.4x	4.2x	4.3x	1.0x	1.0%
Canadian Natural Resources Ltd	16.0x	13.6x	2.4x	5.9x	5.2x	1.7x	1.8%
Canadian Oil Sands Ltd	13.8x	13.7x	2.9x	7.7x	7.7x	2.3x	5.9%
Chesapeake Energy Corp	15.9x	12.7x	1.0x	5.6x	3.9x	1.3x	1.2%
Devon Energy Corp	15.4x	12.6x	2.0x	5.6x	4.5x	1.2x	1.2%
EOG Resources Inc	23.6x	19.3x	3.6x	6.7x	6.8x	2.3x	0.4%
Penn West Petroleum Ltd	N/A	106.4x	2.2x	7.6x	5.2x	0.7x	5.6%
Southwestern Energy Co	19.7x	17.5x	3.6x	7.0x	6.5x	3.1x	0.0%
Talisman Energy Inc	485.1x	46.2x	1.9x	5.3x	4.5x	1.4x	2.6%
Encana Corp	15.6x	13.1x	2.5x	5.2x	5.3x	2.5x	1.2%
Peer Group Median Average	16.0x	15.7x	2.4x	5.9x	5.2x	1.6x	1.2%



DATA SOURCE: THOMSON REUTERS EIKON AS AT 9/7/2014

ENCANA: CHINA'S INTEREST IN NORTH AMERICA SHALE PLAYS

- Chinese state-owned firm CNOOC Ltd acquired Canadian oil and gas company Nexen Inc in February 2013 for US\$ 15.1B, which was China's single largest-ever successful overseas acquisition
- The deal was announced in July 2012, when the Henry Hub natural gas price was below US\$ 3.00
- Henry Hub natural gas price was below US\$ 2.00 just three months before the deal was announced
- We believe this transaction provides a good baseline for valuing Encana in a distressed environment, based on the 4.1x EV/EBITDA multiple
- The transaction gives us an idea of how much a knowledgeable party is willing to pay for the proved reserves (US\$ 19.94/BOE), or its daily production (US\$ 88,601/BOE)



Nexen Overview

Nexen is a Canadian-based upstream oil and gas company engaged in developing energy in several of the world's leading oil-rich basins

Company Overview

- Established in 1971
- Headquartered in Calgary and listed on the TSX and NYSE
- Approximately 3,000 employees
- Focused on three core businesses: conventional oil and gas, oil sands and shale gas
- Has interests in exploration, development and producing assets in Western Canada, UK North Sea, offshore Nigeria, Gulf of Mexico, Colombia, Yemen and Poland
- Current Net production: 207 mboe/d (Q2 2012)
- Net 1P Reserves: 900 mmboe⁽¹⁾
- Net 2P Reserves: 2,022 mmboe⁽¹⁾
- Contingent Resources (CR): 5.6 bn boe

Financial Statistics

Offer Consideration	
Common Share Purchase Price	US\$27.50
FDITM Equity Value	US\$14.9 BN
Preferred Shares at Offer	US\$0.2 BN
Plus: Net Debt ⁽²⁾	US\$2.8 BN
Implied Firm Value	US\$17.9 BN

Current Statistics	
2012 H1 EBITDA	C\$2.3 BN
2012 H1 Operating Cash Flow	C\$1.7 BN

Acquisition Metrics	
Price / LTM Operating Cash Flow	6.2x
Firm Value / LTM EBITDA	4.1x
Firm Value / 1P Reserves	US\$19.94/boe
Firm Value / 2P Reserves	US\$8.87/boe
Firm Value / 2012E daily production ⁽³⁾	US\$88,601/boe

Source: Nexen public disclosures; all reserves, resources and production figures shown in this presentation are under Canadian NI 51-101 standards unless otherwise specified
1. Under SEC standards.

Note: Based on shares, options and net debt as at June 30, 2012; CAD values converted to USD at 0.9887 (July 20, 2012 Bank of Canada noon rate).
2. Includes cash, debt and proceeds from in-the-money options at the offer price.
3. Based on midpoint of Nexen guidance.

ENCANA: EXXON MOBIL'S ACQUISITION OF XTO ENERGY

- Exxon Mobil acquired XTO Energy in 2010 for US\$ 41B in an all-stock deal
- Based on EC calculation, Exxon Mobil acquired XTO Energy with the following acquisition metrics: EV/Proved Reserves = US\$ 17.47/BOE, and EV/Daily Production = US\$ 84,740/BOE

Dec. 14, 2009, 4:26 p.m. EST

Exxon Mobil to buy XTO Energy in \$41 billion deal Oil major makes big move to boost domestic energy production

By [Steve Gelsi](#), MarketWatch

NEW YORK (MarketWatch) -- [Exxon Mobil Corp.](#) announced Monday it struck a \$41 billion, all-stock deal to buy Houston-based [XTO Energy Inc.](#), placing a big bet on the future of the domestic natural gas market.

The acquisition, Exxon Mobil's biggest in a decade, sparked widespread investor speculation that the energy sector could be poised for a new round of consolidation as its biggest players vie for independent producers pinched by low gas prices. [Read commentary about Exxon Mobil pouncing on gas.](#)

The transaction value includes \$10 billion of existing XTO debt and is based on Friday's closing share prices of Exxon Mobil [XOM +1.35%](#) and XTO .

Exxon Mobil has agreed to issue 0.7098 of a share of common stock for each common share of XTO. The deal represents a 25% premium to XTO stockholders.

ENCANA: VALUATION BASED ON HISTORIC ACQUISITION MULTIPLE

- To be conservative, we use the Exxon Mobil / XTO Energy acquisition multiples to calculate Encana's potential acquisition value as they are lower than the CNOOC/NEXEN acquisition multiples

	Exxon Mobil / XTO Energy Transaction	CNOOC / NEXEN Transaction
EV/Proved Reserves	US\$ 17.47/BOE	US\$ 19.94/BOE
EV/Average Daily Production	US\$ 84,740/BOE	US\$ 88,601/BOE

- Based on the Exxon Mobil / XTO Energy acquisition multiples, we estimate the fair value of Encana is between US\$ 24.03 and US\$ 47.31 on a per share basis
 - We suggest the difference between the two valuations has to do with the current production mix of 90% natural gas and 10% oil and NGLs. We see the situation improving based on:
 - A new focus on the core assets that are liquids and oil rich, the company is aggressive in transforming its asset base into a more balanced portfolio
 - The numerous announced/completed transactions by the company to sell off natural gas assets and replace them with oil/NGLs rich assets
- The potential improvement in US natural gas prices that will improve margins for the natural gas assets
- We suggest a fair value that lies close to the middle of the two valuations, based on the high quality of the assets, management's ability to execute the new strategy, and an improving US economy

	Based on proved reserves = \$17.47/BOE	Based on daily Production = \$84,740/BOE
Intrinsic Value Estimate	US\$ 24.03	US\$ 47.31
Share Price (11/7/2014)	US\$ 21.85	US\$ 21.85
Discount to Intrinsic Value Estimate	9%	57%
Upside Potential	10%	134%

ENCANA: ELEVATION CAPITAL'S VALUATION

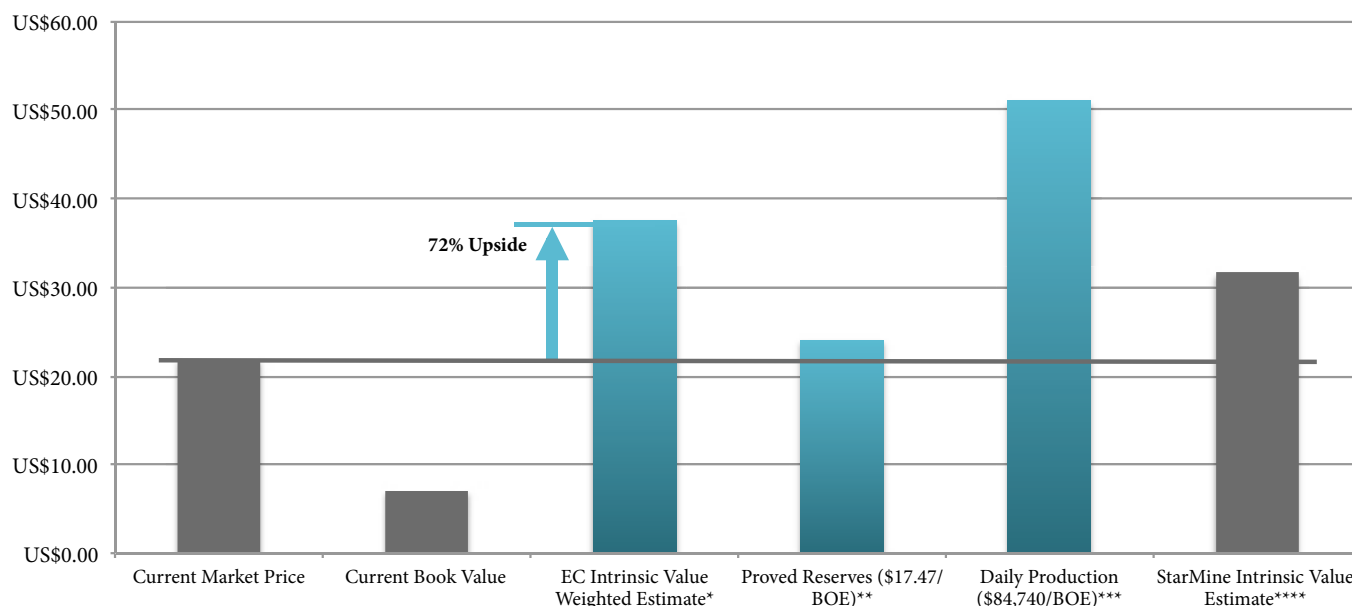
Elevation Capital Estimated Intrinsic Value Range:

US\$ 24.03
- US\$ 51.04
PER SHARE

Upside / Downside Potential Range:

+10% - +134%

Valuation Summary



* EC INTRINSIC VALUE WEIGHTED ESTIMATE IS BASED ON THE AVERAGE OF PROVED RESERVES VALUATION AND DAILY PRODUCTION VALUATION

** BASED ON EC ADJUSTED PROVED RESERVES TAKING ACCOUNT OF ALL TRANSACTIONS ANNOUNCED AFTER 31 DECEMBER 2013

*** BASED ON COMPANY FORECAST 2014 DAILY PRODUCTION IN THE 2014 Q1 CONFERENCE CALL NOTE AS AT 13 MAY 2014

**** DATA SOURCE: THOMSON REUTERS AS AT 14/7/2014

ENCANA: KEY RISKS

COMMODITY PRICE RISKS

- The supply and demand of natural gas, crude oil in North America (both short-term and long-term) are affected by many macroeconomic, technological, regulatory and political factors and has been highly cyclical in the past
- Fluctuations in commodity prices for natural gas, crude oil and power affects future cash flows. The company uses various derivative financial instruments to partially mitigate these commodity price risks which could be ineffective

OPERATIONAL RISKS

- There is the short-term risk that the management is over-optimistic about the speed and progress of its execution of the new corporate strategy. Investors could react negatively to any news of delay or interruption to the progress of the execution

FINANCIAL RISKS

- The company has debt and has to be very focused on its leverage ratios given recent volatility in gas prices in particular



* SOURCE: ADIDAS 2014 1H REPORT AND MANAGEMENT ESTIMATES

ENCANA: ELEVATION CAPITAL'S VIEW

SURVIVED THROUGH TOUGH TIMES

- The company survived one of the most difficult periods for natural gas producers (2011-2013) where natural gas prices were below US\$ 4.00
- Strengths
 - One of the lowest-cost producers
 - High quality assets
- Weaknesses
 - Unbalanced portfolio
 - Poor capital allocator

2013: NEW CEO, REVIEW STRATEGY

- Doug Suttles - Significant operational experience and expertise, strong leadership
- Review – Strengths/weaknesses identified and strategy devised

2014: GOOD PROGRESS ON STRATEGY EXECUTION

- Focused Capex on Liquid-Rich Core Assets
- Acquired Eagle Ford Asset (~US\$ 3.1B)
- Divested Non-Core Assets (~US\$ 2.3B)
- Reduced workforce by 20%
- Reduced long-term debt by 17% (~US\$ 1B)
- Reset dividend to sustainable level
- PrairieSky Royalty IPO (Raised US\$ 1.67B)
- S&P revised outlook to 'Stable' from 'Negative'
- Q1 cash flow up 87% vs Q1 2013
- Q1 total liquids production up 56% vs Q1 2013

MARGIN OF SAFETY

- High quality assets
- Economies of scale
- Portfolio optionality in commodity mix and geography
- Favorable macroeconomic tailwinds
- Share price trading at a discount (+40%) to our Weighted Intrinsic Value Estimate

ENCANA: CONCLUSION

CONCLUSION

- High quality assets, Economies of Scale, and now High Caliber Management
 - One of the largest natural gas producers in North America
 - New CEO Doug Suttles, who was the Chief Operating Officer of BP Exploration & Production
- Shale Gas Revolution
 - The company is positioned to benefit from the continuing increase in demand of natural gas in North America due to its cost and relative environmental friendliness
- Value Creation
 - Improved capital allocation should create value to investors both in the short-term and long-term
 - Macroeconomic tailwind should improve margins
 - With a market capitalisation of only US\$ 16.2B*, the company could become an acquisition target as its operations are in North America which is geopolitically stable relative to other resource-rich countries in the world
 - Upside potential = +70% from current price of \$21.85 based on Elevation Capital Weighted Intrinsic Value Estimate



* AS AT 14/7/2014

ELEVATION CAPITAL MANAGEMENT LIMITED MONSTER WORLDWIDE, INC. [MWW:US]

Research Presentation released in June 2014





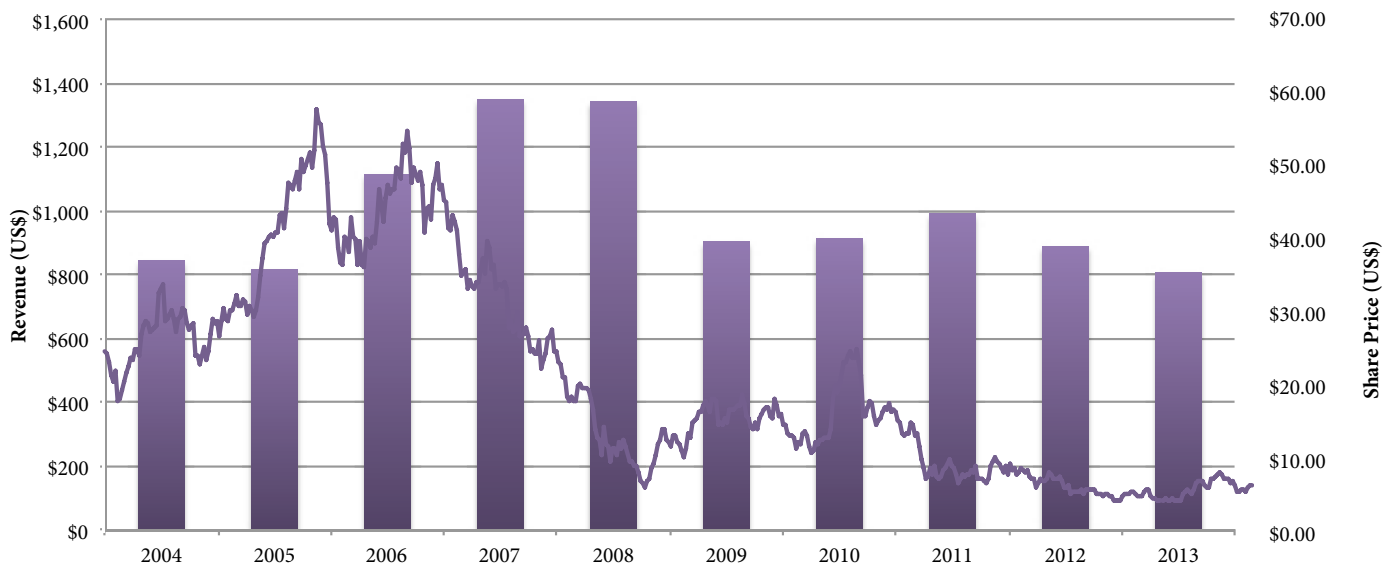
MONSTER WORLDWIDE: CONNECTING PEOPLE WITH JOBS

- Monster Worldwide is a global provider of a full array of job seeking, career management, recruitment and talent management products and services
- Unparalleled international reach with a presence in 40+ countries around the world
- Three reporting segments*:
 - Careers – North America (Revenue: US\$ 446M, 55%)
26 consecutive months of traffic leadership
 - Careers – International (Revenue: US\$ 289M, 35%)
#1 or #2 position in each key market
 - Internet Advertising (Revenue: US\$ 73M, 10%)



MONSTER WORLDWIDE: ADVERSE MARKET CONDITIONS

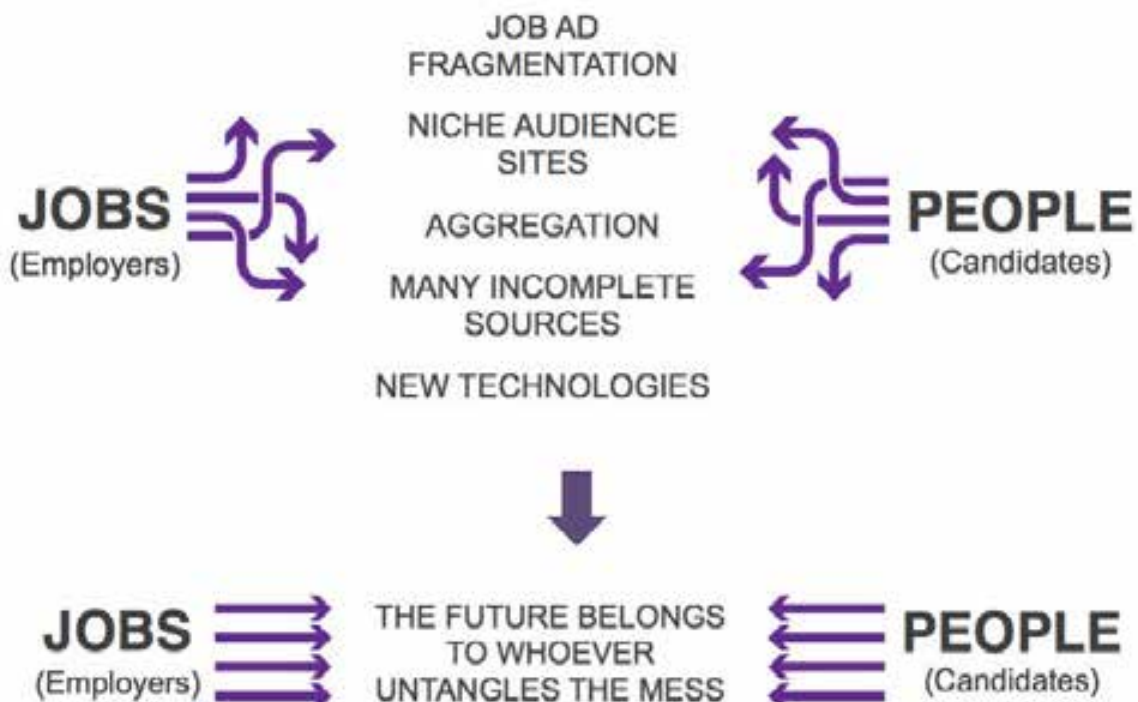
- Adverse global macroeconomic conditions since the GFC saw recruitment spending collapse
- Increasing competition – 30,000 job sites in the U.S. alone
- The emergence of social recruiting – e.g., LinkedIn, Xing
- Share price declined 93% from US\$ 57.40 on 28/4/2006 (Market Cap = US\$ 7.35B) to US\$ 4.06 on 9/10/2013 (Market Cap = US\$ 434M)
- Dropped research coverage – Credit Suisse, Citigroup, Goldman Sachs and Deutsche Bank
- Current share price* = US\$ 6.61 (Market Cap = US\$ 601M)



* AS AT 25/6/2014

MONSTER WORLDWIDE: COMMENDABLE TURNAROUND EFFORTS

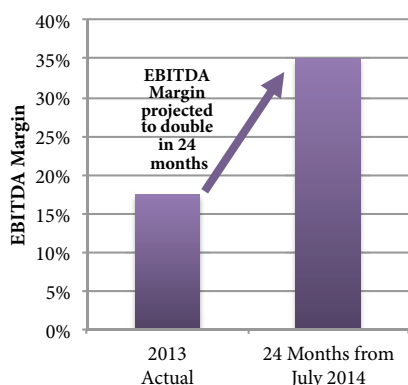
- New strategic plan formulated 18 months ago
- 80% of the strategic plan has been implemented
- The new strategic plan was not revealed until May 2014*
 - To prove to investors that the plan can be a realised, not just a pipedream
 - To create first-mover advantage (successfully acquired TalentBin and Gozaik)
 - Aggressively repurchased ~25% of outstanding shares since Q2 2013 at an average price of US\$ 5.71



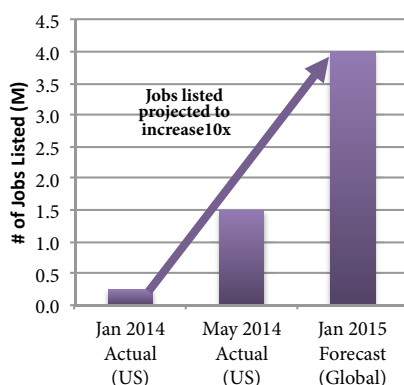
MONSTER WORLDWIDE: SIGNIFICANTLY IMPROVED GROWTH PROSPECTS

- Significantly improved growth prospects from newly acquired technologies and integration of these
 - # of jobs: Monster US website: Jan/14 = 250,000, May/14 = 1.5M, Jan/15E = 4M (global)*
 - Reachable users: Monster Network 35M, Monster Career AD Network 100M+, Twitter 250M, Facebook 1B*
- Small improvement in revenue leads to large improvement in margins due to its strong operating leverage
 - EBITDA Margin: 17.5% in 2013 -> 30%-35% in the next 24 months*

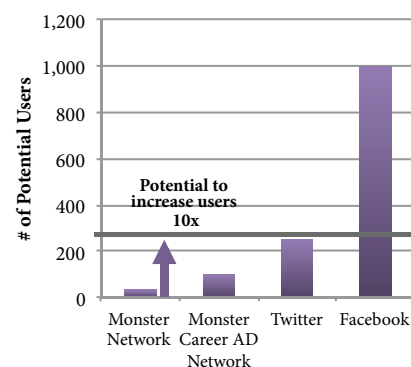
Forecast EBITDA Margin



Forecast # of Jobs Listed

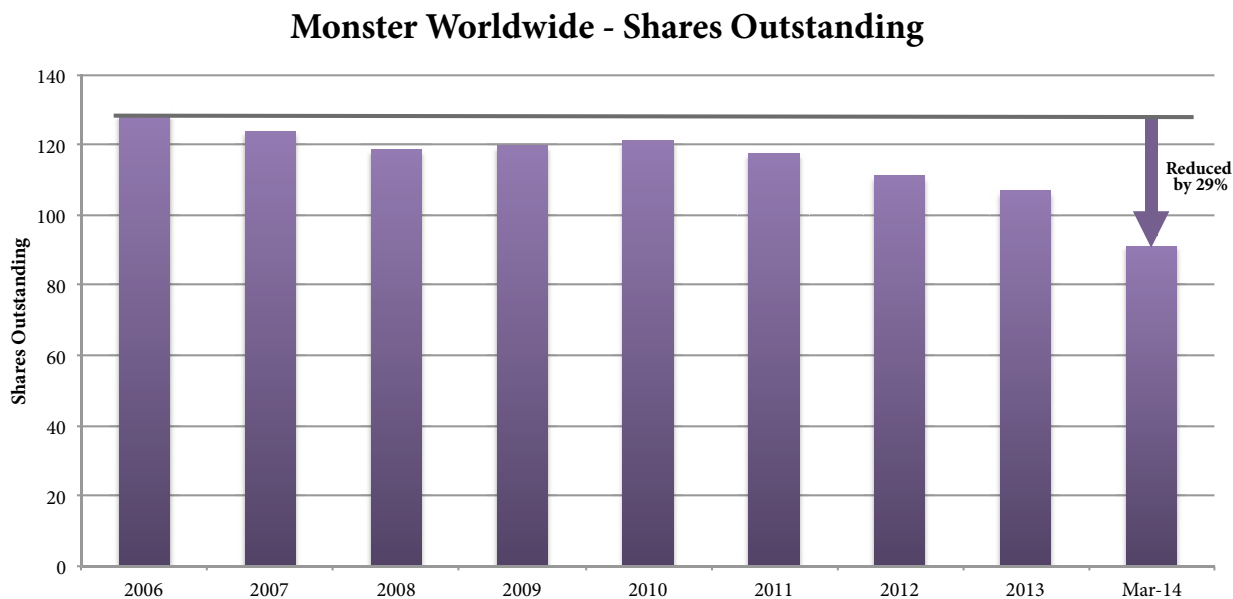


of Potential Users



* 14 MAY 2014 MONSTER WORLDWIDE STRATEGY BRIEFING DAY

MONSTER WORLDWIDE: CAPITAL RETURN VIA SHARE REPURCHASE



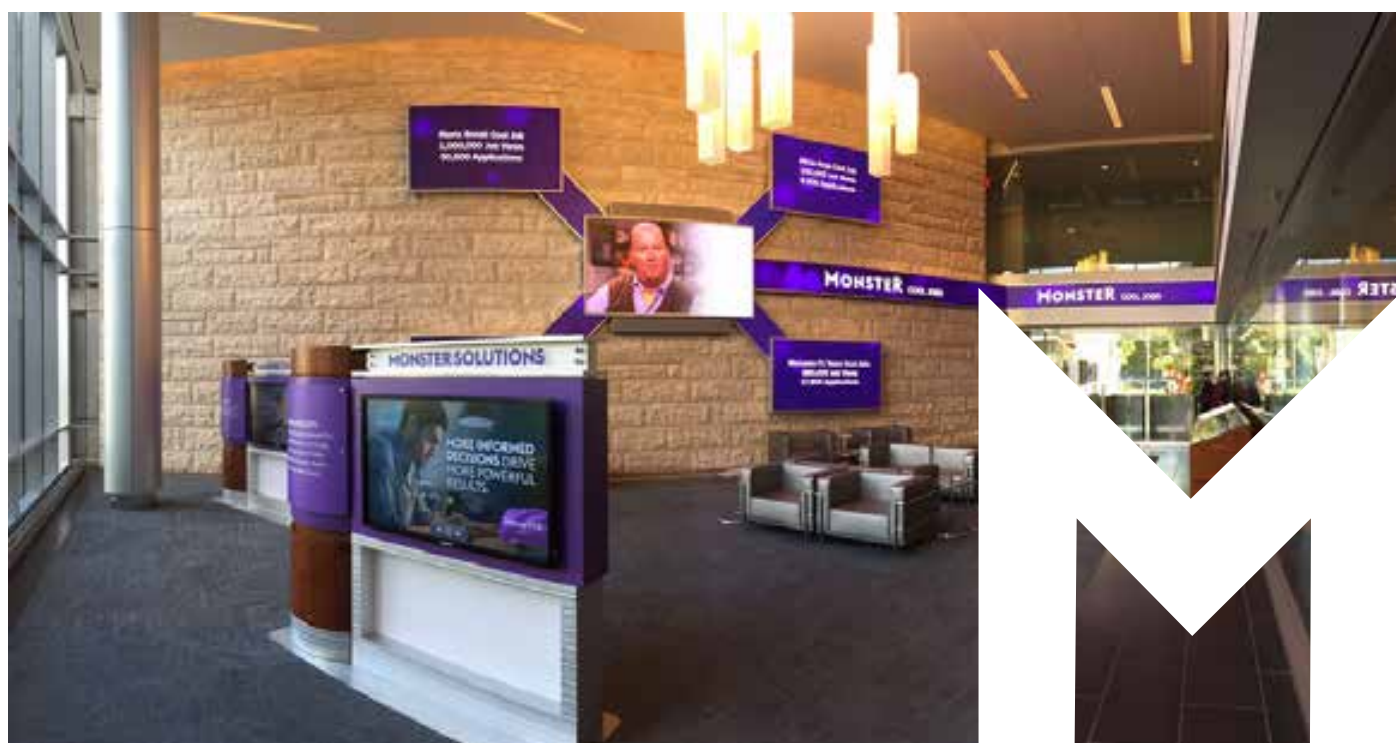
“From a share repurchase standpoint, we believe that it’s still a very attractive investment to shareholders at these price levels so we’ll continue to be aggressive with our share buyback as appropriate.”

James Langrock (CFO)
Monster Worldwide Q1 2014 Strategy Briefing Day

MONSTER WORLDWIDE: COMPARABLE COMPANIES

- Metrics are favourable when compared to similar companies operating in the same sector

	P/E (TTM)	PRICE / SALES (NTM)	EV / EBITDA (NTM)	PRICE / CF (NTM)	PRICE / BV (NTM)	DIV. YIELD (Latest)
104 Corp	14.7x	6.7x	N/A	N/A	N/A	5.3%
51job Inc	22.6x	6.0x	11.0x	19.1x	2.9x	0.0%
Dice Holdings Inc	16.8x	1.5x	5.8x	10.0x	2.2x	0.0%
LinkedIn Corp	103.2x	8.3x	30.6x	34.5x	7.0x	0.0%
ManpowerGroup Inc	17.4x	0.3x	7.0x	14.8x	2.0x	1.2%
Michael Page International	26.7x	1.3x	11.4x	17.1x	5.2x	2.5%
Seek Ltd	31.1x	6.7x	15.2x	20.5x	4.9x	1.6%
Monster Worldwide	16.1x	0.8x	5.6x	21.2x	0.8x	0.0%
Peer Group Median Average	22.6x	6.0x	11.2x	18.1x	3.9x	1.2%

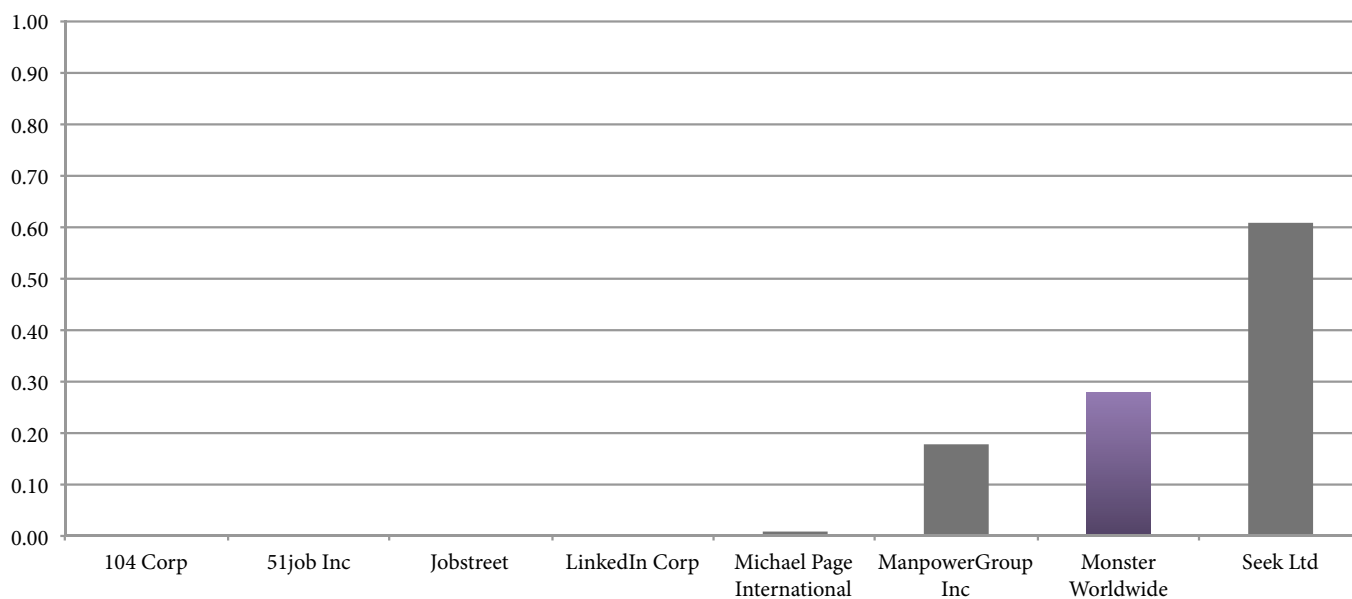


DATA SOURCE: THOMSON REUTERS EIKON AS AT 25/6/2014
 TTM = TRAILING TWELVE MONTHS
 NTM = NEXT TWELVE MONTHS

MONSTER WORLDWIDE: FINANCIAL LEVERAGE

- The company has higher financial leverage when compared to its global peers. However, on an absolute basis, it is very low (Total Debt/Equity = 0.28x, Net Debt/Equity = 0.11x)*

Total Debt/Equity



* DATA SOURCE: THOMSON REUTERS EIKON AS AT 25/6/2014

MONSTER WORLDWIDE: MONSTER VS. LINKEDIN

- The market clearly favours LinkedIn vs. Monster which is undertaking a major turnaround
- Even a minor re-rating of the stock could provide a significant uplift from current levels (eg: US\$ 6.61 stock price at time of report)



Market Cap (26/6/2014)	\$596M	\$20,188M	33.9x
Revenue (FY2013)	\$808M	\$1,529M	1.9x
Net Cash Flow from Operating Activities (FY2013)	\$33.8M	\$436.5M	12.9x
Monthly Unique Users (FY2013)	39M	183M	4.7x
Price / Sales (FY2013)	0.74x	13.2x	17.8x
Price / Sales (NTM)*	0.8x	8.3x	10.4x
EV / EBITDA (NTM)*	5.6x	30.6x	5.5x
Price / Cash Flow (NTM)*	21.2x	34.5x	1.6x
Price / Book Value (NTM)*	0.8x	7.0x	8.7x



* DATA SOURCE: THOMSON REUTERS EIKON AS AT 25/6/2014

MONSTER WORLDWIDE: EV/EBITDA VALUATION

- Conservative revenue growth projections combined with management's suggested EBITDA margin in 24 months yields significant upside potential for the stock (+54% to +161%)

	2014E	2016E (Pessimistic)	2016E (Neutral)	2016E (Optimistic)
Revenue	\$798M	\$798M	\$846M	\$880M
CAGR Growth		0%	3%	5%
EBITDA Margin	15%	15%	25%	35%
EBITDA Estimate	\$120M	\$120M	\$212M	\$308M
EBITDA Multiple to Apply	5x	5x	6x	7x
Estimated Intrinsic Value Per Share in 2016		\$6.59	\$13.95	\$23.67
Conservative Discount for Equity Premium		15%	15%	15%
Estimated Intrinsic Value Per Share		\$4.76	\$10.08	\$17.10
Premium/Discount to Intrinsic Value Estimate		38% Premium	35% Discount	62% Discount
Upside/Downside Potential		27% Downside	54% Upside	161% Upside
Probability		15%	70%	15%
Weighted Intrinsic Value Contribution		\$0.71	\$7.05	\$2.57
Weighted Intrinsic Value Estimate	\$10.33 = (\$0.71 + \$7.05 + \$2.57)			
Share Price (26/6/2014)	\$6.55 (Discount to Intrinsic Value Estimate = 37%, Upside Potential = 58%)			



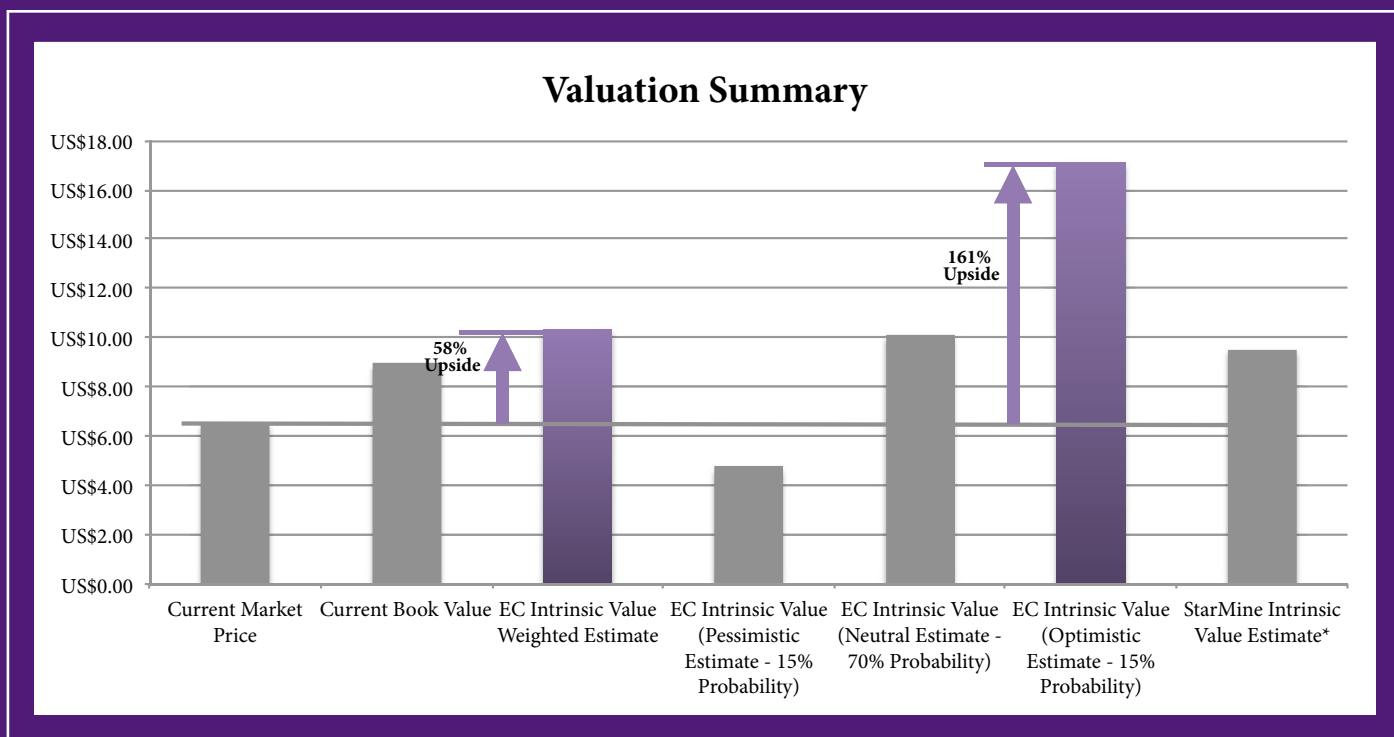
MONSTER WORLDWIDE: ELEVATION CAPITAL'S VALUATION

Elevation Capital Estimated
Intrinsic Value Range:

US\$ 4.76
- US\$ 17.10
PER SHARE

Upside/Downside
Potential Range:

-27% -
+161%



* DATA SOURCE: THOMSON REUTERS EIKON AS AT 25/6/2014

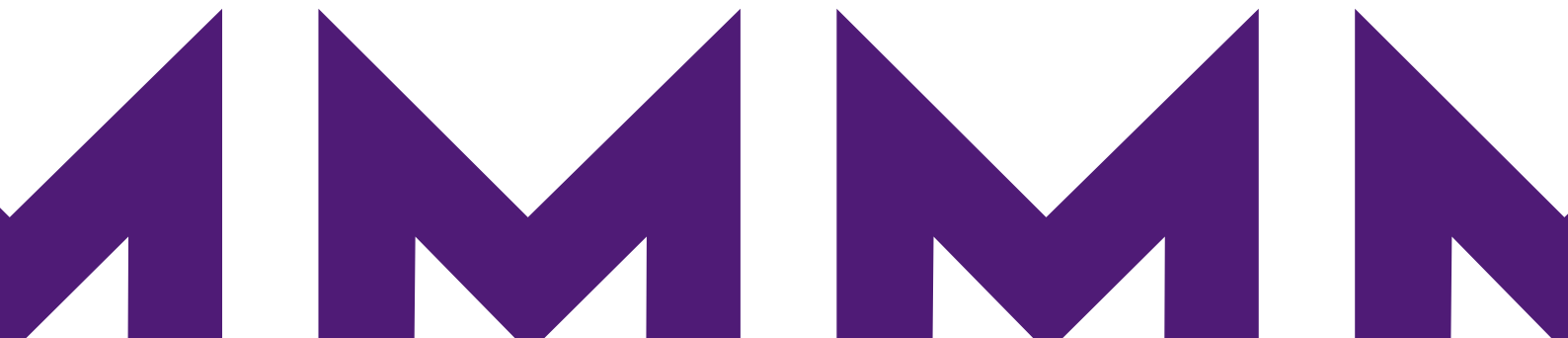
MONSTER WORLDWIDE: ELEVATION CAPITAL'S VIEW

NEW STRATEGIC PLAN TO TRANSFORM MONSTER

- 80% of the new strategic plan has been implemented
- 25% of outstanding shares have been purchased since Q2 2013 while the stock price was under pressure
- The acquisitions of TalentBin and Gozaik significantly increased the growth prospects of the user base and # of job listings
- Significant growth in # of jobs listings and # of reachable users prompted the management to forecast EBITDA margin to be doubled in 24 months time
- Significant improvement in cash flow from operations (Q1FY2014 = \$19M vs FY2013 = \$33.8M)

MARGIN OF SAFETY

- Attractive discount (35%) to our intrinsic value estimates if the company achieves just half of the forecast growth in its EBITDA margin
- Significant discount (62%) to our intrinsic value estimates if the company achieve its EBITDA margin forecast
- Strong market positions in the US and in its key international markets
- Strong balance sheet



MONSTER WORLDWIDE: KEY RISKS

TECHNOLOGY RISK

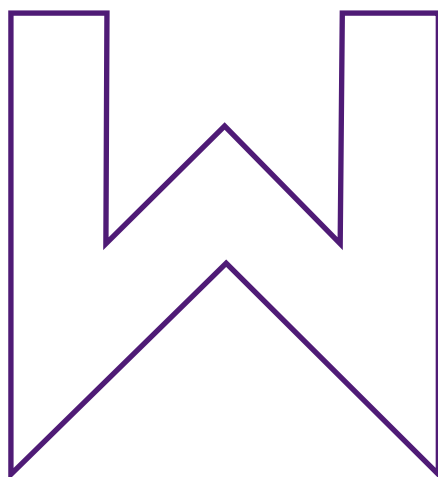
- There is a risk that a new technology gains traction, offers more capabilities and/or is better than Monster's comes along and supersedes it. We view this as a low risk as Monster is a technology company with the capabilities to adapt and the cash-flow to acquire

FINANCIAL MARKET AND MACROECONOMIC RISK

- The demands for Monster's services is lower when the level of economic activity is subdued and fewer companies are hiring. This can lead to lower sales and margins as prices have to be reduced to stay competitive. Financial Market volatility can also impact Monster's ability to access capital when they require it to react to changing economic or business conditions

EXECUTION OF STRATEGIC PLAN DOESN'T WORK

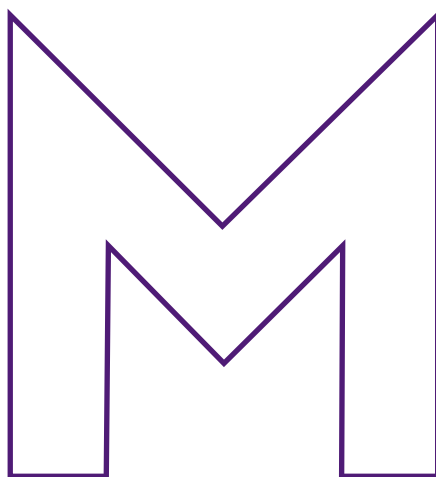
- The strategic plan being implemented doesn't have the desired effect. This is the most prevalent risk for the company and investors at present



MONSTER WORLDWIDE: CONCLUSION

CONCLUSION

- The nature of the company's business is such that if/when the US and Global economies recover, and/or if the company has reasonable success in its turnaround efforts, a significant amount of the increase in incremental revenue will flow directly to the bottom-line
- Moderate success in the company's turnaround efforts could provide +50% upside to the current share price
- If the company achieves its forecast EBITDA margin target, based on our conservative growth rate, we believe there is as much as 160% upside to the current share price
- Management's forecast of quarterly \$15-25M cash flow from operations (\$19M in Q1 2014) could support continuing share repurchases that will benefit long-term minded shareholders who have the patience to wait for the benefit of the turnaround efforts
- The dropping of research coverage by Credit Suisse, Citigroup, Goldman Sachs and Deutsche Bank is a blessing in disguise for investors who are establishing their positions at current price levels. The successful turnaround could prompt a re-initiation of coverage by these firms, or initiation by other brokers, that may provide a further catalyst for the stock
- There is growing evidence (improving cash flow generation, increased # of job listing, new technologies acquired to dramatically increase reachable users, etc.) that the company has turned a corner with regard to its turnaround and transformation efforts

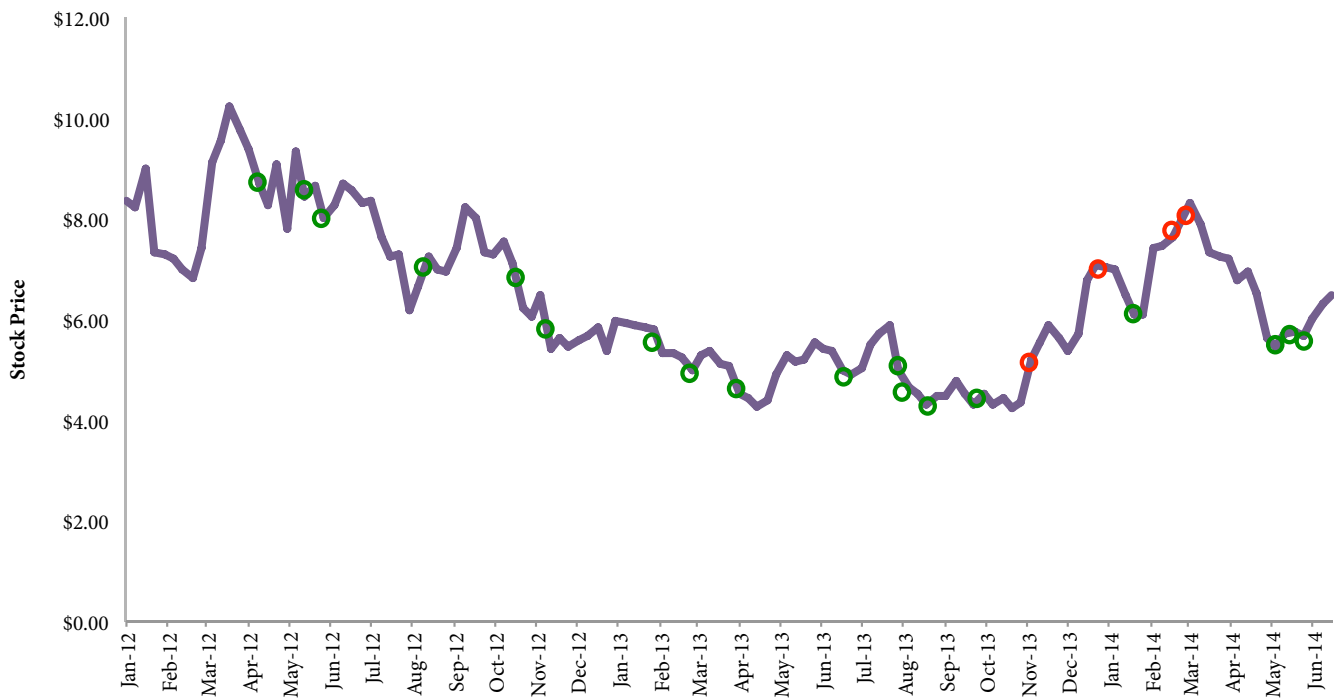


APPENDIX



MONSTER WORLDWIDE: ELEVATION CAPITAL ACQUIRED POSITION OVERTIME

- Acquired position overtime (incrementally) and actively managed which resulted in an attractive average cost of US\$ 4.65 per share (vs current market price US\$ 6.54*)
- Position Size in Elevation Capital Value Fund = 2.13%*



* AS AT 30/6/2014

ELEVATION CAPITAL MANAGEMENT LIMITED

NESTLÉ SA [NESN:VX]

Research Presentation released in June 2014





NESTLÉ SA: THE BENEFITS OF SCALE



THE LARGEST
FMCG* COMPANY
IN THE WORLD

by Market Capitalisation
and Revenue



Current Market Cap**

CHF 222.5 B
(US\$ 249.5 B)



FY2013 Revenue

CHF 92.16 B
(US\$ 103.3 B)



Employs
333,000
PEOPLE



Operates in
194
COUNTRIES

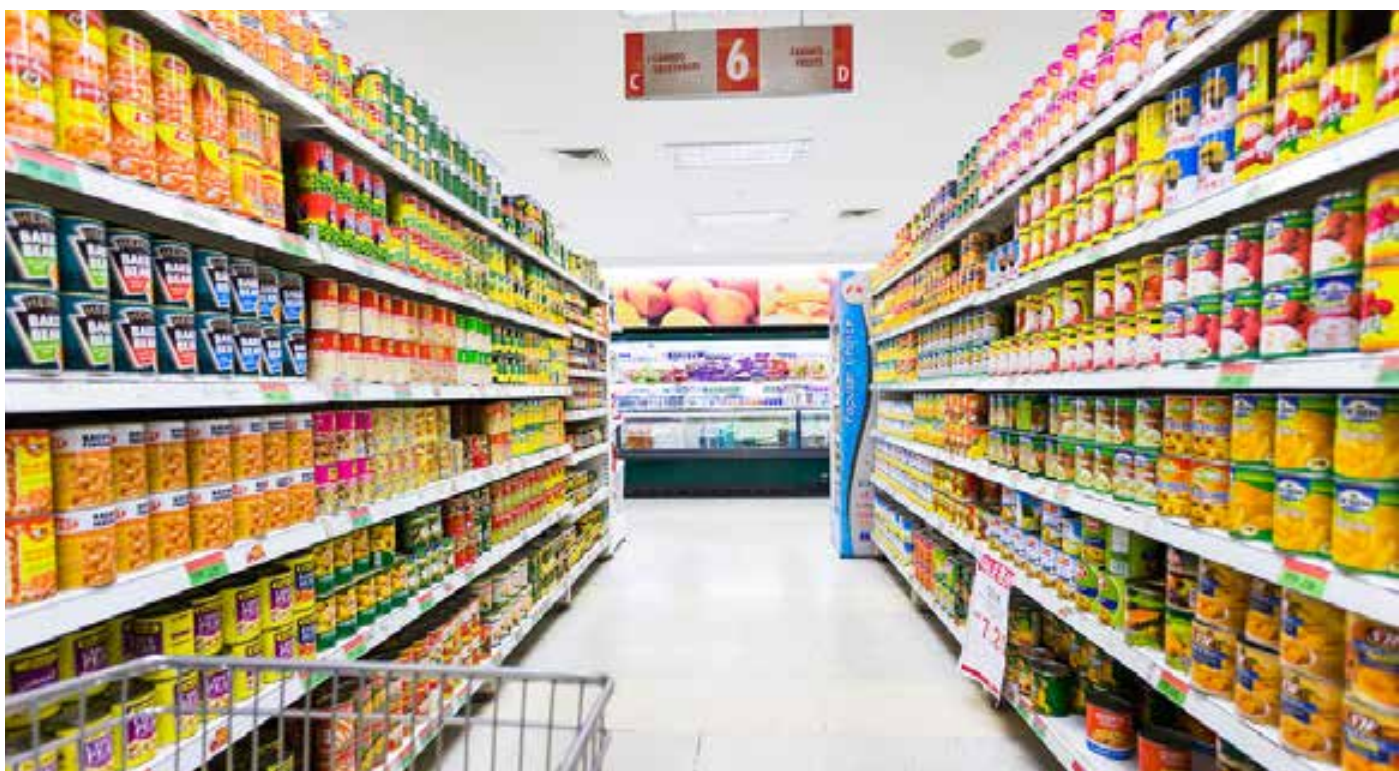
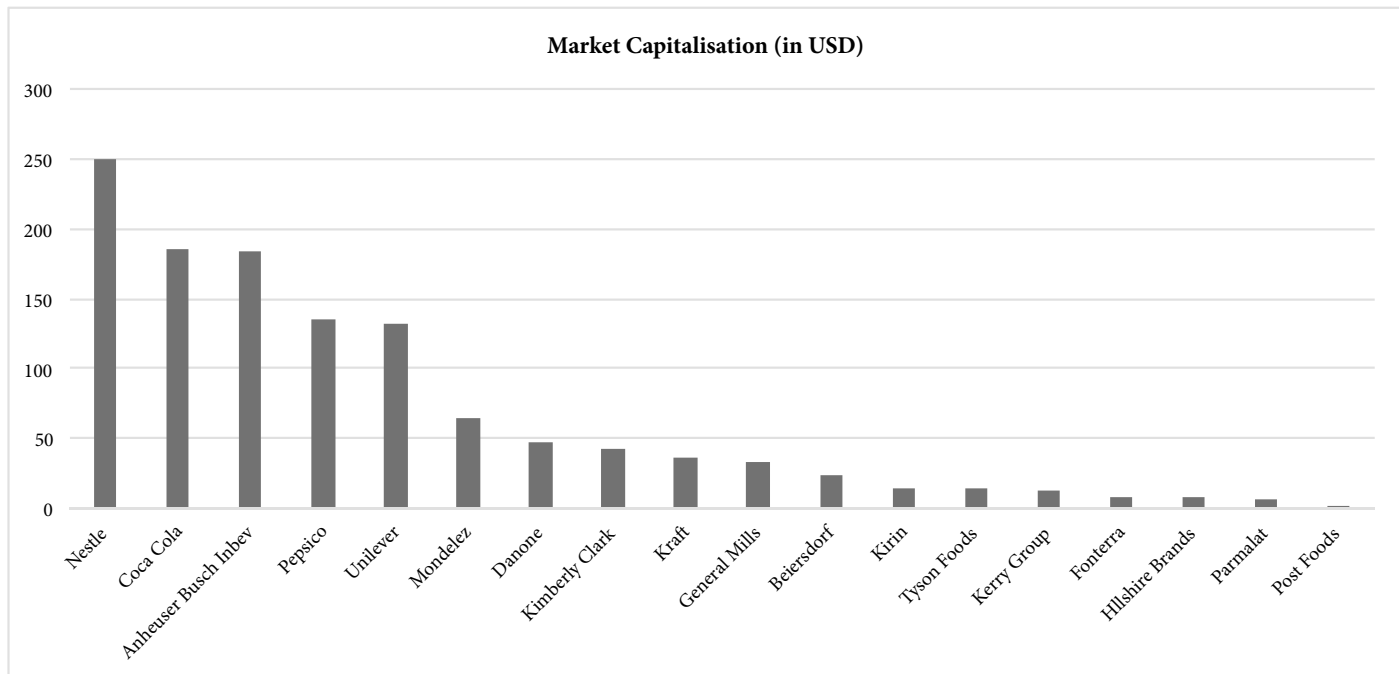


Owens or holds
rights to over
8,000
BRANDS

* FAST MOVING CONSUMER GOODS

** AS AT 1ST JULY 2014

NESTLÉ SA: THE BENEFITS OF SCALE



NESTLÉ SA: WHY WE LIKE NESTLÉ

MOAT:

Scale & Brand Recognition

EMERGING MARKET OPPORTUNITIES:

44% of revenue from emerging markets

VALUE ENHANCEMENT FROM

Spin-offs / share buy-backs


“PREMIUMISATION”:

Increased investment in luxury marketing to increase margins

STEADY DIVIDEND:

Paid to Wait

NESTLÉ SA: HISTORY

- 
- 1866 Nestlé is established in Cham, Switzerland
 - 1905 Nestlé and the Anglo Swiss Condensed Milk Company merge their operations
 - 1938 Nescafé is launched
 - 1939 WW2 helps popularize Nescafé, becoming a staple of American servicemen
 - 1940 Over the next 10 years, Nestlé adds a number of brands to its portfolio including Maggi & Nesquik
 - 1974 Nestlé acquires a 31% share of L'Oreal
 - 1986 Nespresso is launched
 - 2001 Merger with Ralston Purina
 - 2003 Over the next 7 years, a number of acquisitions are made including Movenpick, Jenny Craig & Novartis
 - 2010 Over the next, year Nestlé completes the divestment of Alcon and announce the acquisition of Yinlu and the forming of a partnership with Hsu Fu Chi, both Chinese food companies
 - 2012 Over the next two years, Nestlé acquires Wyeth Nutrition & divests Givaudan

NESTLÉ SA: BIG COMPANY, BIG MOAT

- We perceive three sources of competitive advantage for Nestlé: Scale, Brand Recognition and Geographical Diversification

1. SCALE

Nestlé's size allows it to exploit economies of scale which drive down unit costs. This means Nestlé is able to compete strongly with peers on price (crucial in markets which are often price elastic*). Nestlé is able to dominate the M&A market, using its size and low cost of capital to buy market share in strategic growth industries.

2. BRAND RECOGNITION

Nestlé owns over 8,000 brands, 32 of which generate over US\$ 1 Billion in revenue annually. Continual innovation is a key driver of brand growth. (e.g. Nespresso). Competing strongly on both price and brand recognition is a recipe for sustainably high market share.



The image shows the word "Nestlé" in a large, white, sans-serif font, mounted on a dark building facade. The letters are three-dimensional and cast shadows. The building's structure, including a grid of metal beams, is visible in the foreground.

NESTLÉ SA: BIG COMPANY, BIG MOAT



3. GLOBAL DIVERSIFICATION

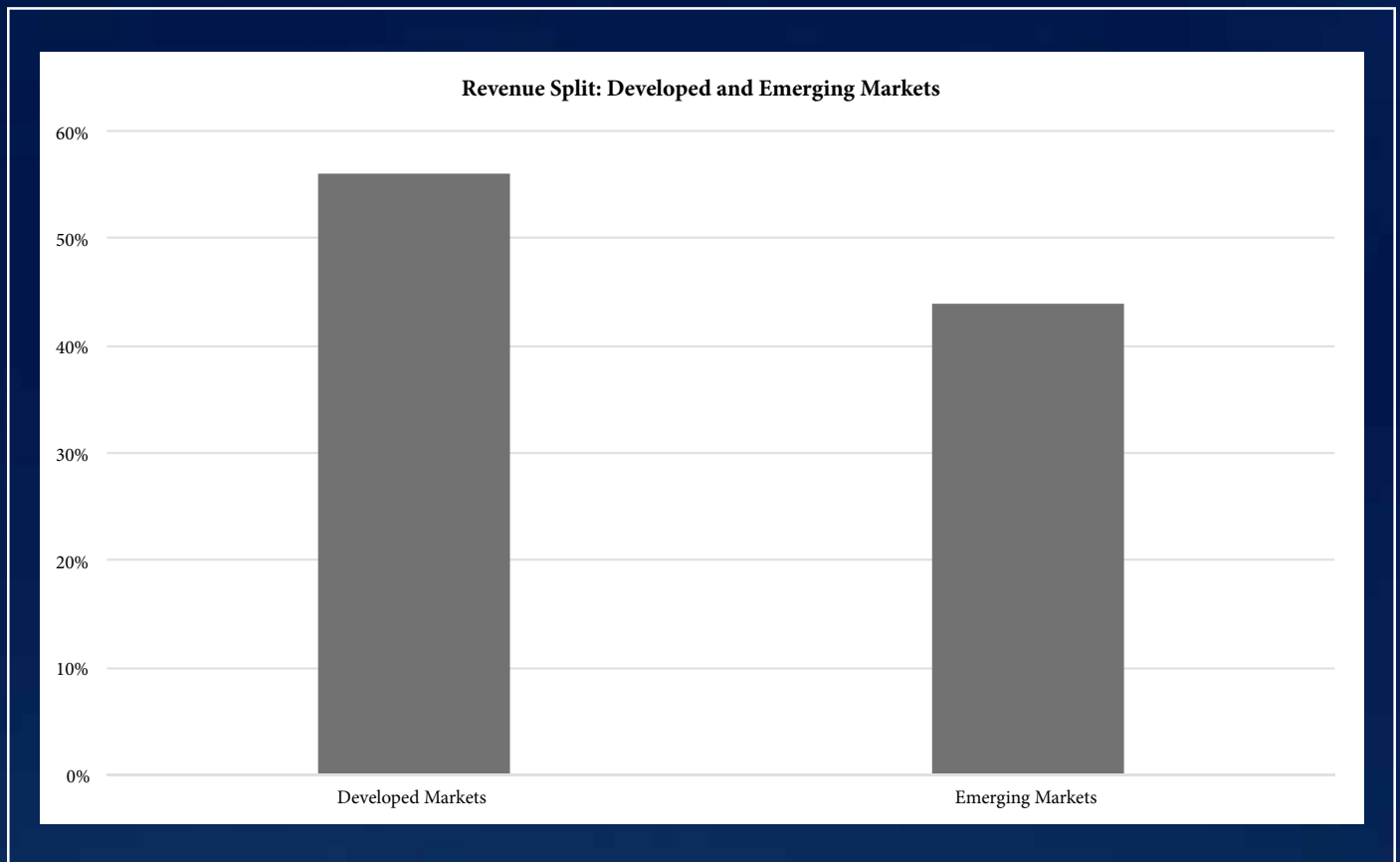
FY2013 CHF 92 B Revenue: CHF 40 B (43.5%) from America's, 26B (28.4%) from Europe and 26B (28.4%) from Asia, Oceania and Africa

Organic Revenue Growth by Region: Americas: +5.1%, Europe: +0.8% and Asia, Oceania and Africa: +5.9%

Developed and Emerging Markets Breakdown: 56% of FY2013 Revenue came from developed markets and 44% came from emerging markets. Developed market organic growth was +1% and emerging market organic growth was +9.3%

M&A and Large Scale Investment Recent: M&A and investment activity is largely geared toward targeting emerging market consumers in countries including China, Mexico and India

NESTLÉ SA: BIG COMPANY, BIG MOAT

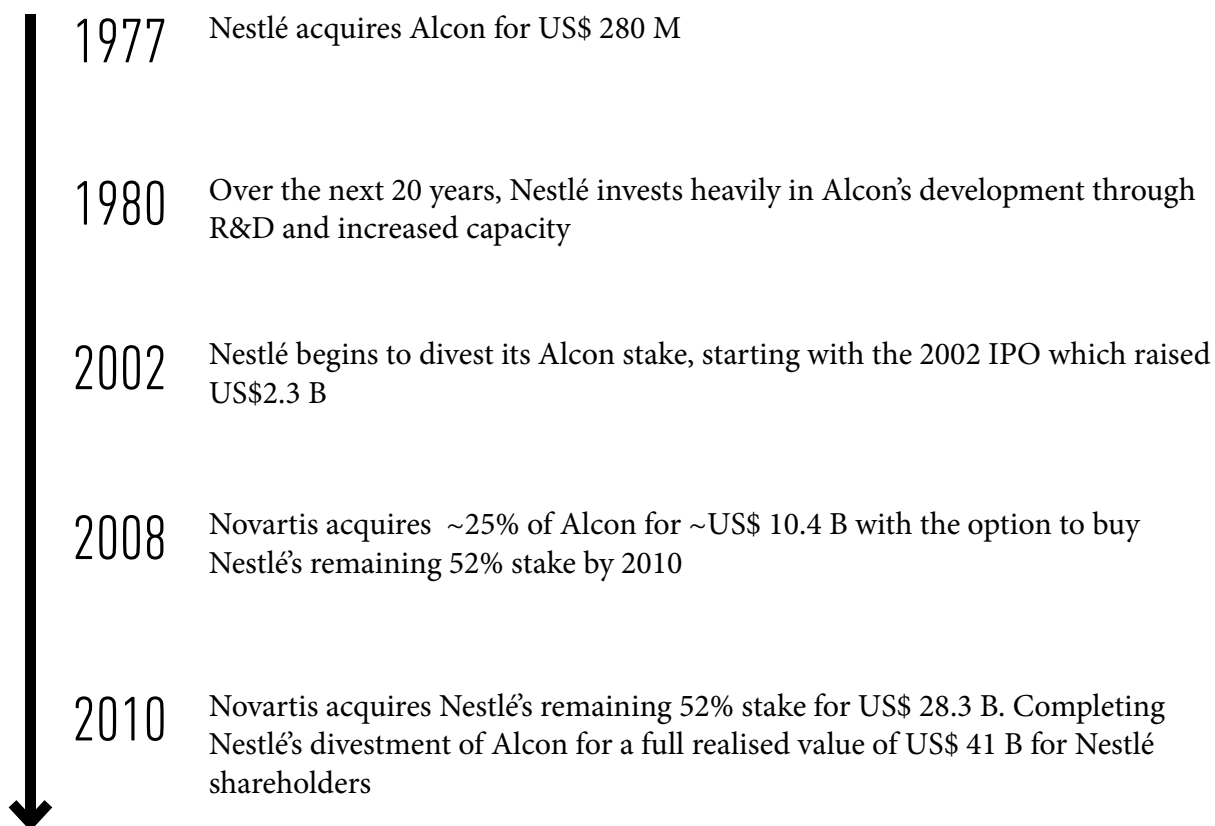


NESTLÉ SA: A.D.D – ACQUIRE, DEVELOP, DIVEST

Nestlé has a history of acquiring businesses in growth industries, investing in their development and divesting when they see an opportunity.

This has been a significant component of the 147%* Total Shareholder Return (TSR) over the past 10 years.

- Example: Alcon – Nestlé buys Alcon (a global medical products manufacturer) for US\$ 280 M in 1977
- IPO's 23.5% in 2002, raising US\$ 2.8 B
- Sells ~25% to Novartis in 2008 for US\$ 10.4 B
- Sells the remaining 52% holding for US\$ 28.3 B
- Nestlé's total realised value from divestment = US\$ 41 B




*ASSUMING NO DIVIDEND REINVESTMENT

NESTLÉ SA: A.D.D – ACQUIRE, DEVELOP, DIVEST

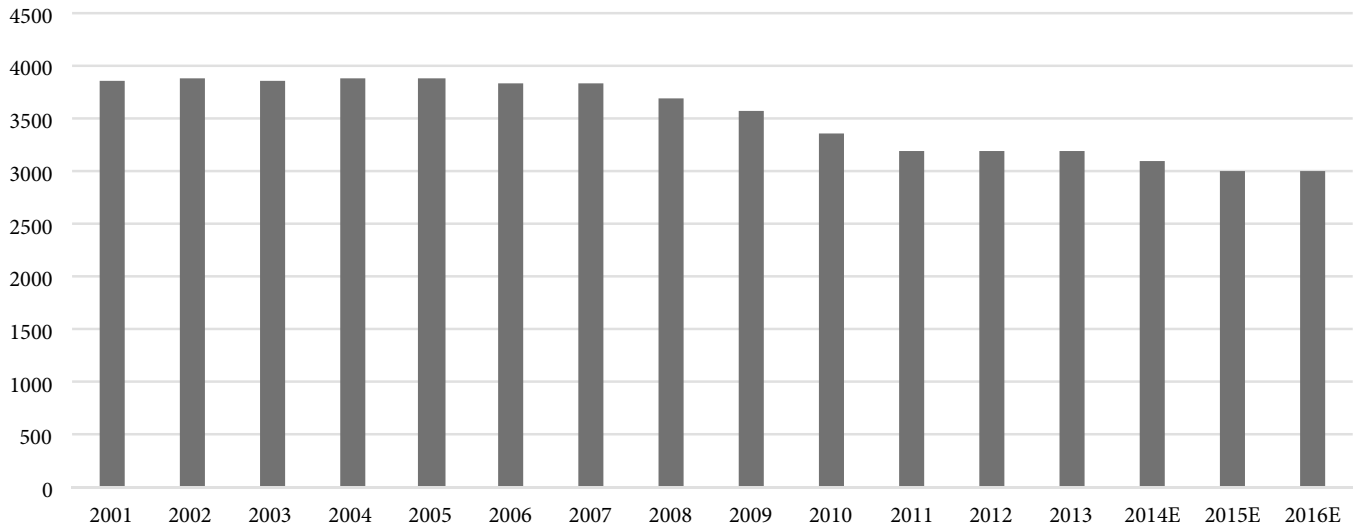
- Example: L’Oreal – in 1974 Nestlé purchased half the Bettencourt Family’s holding of L’Oreal, a French cosmetics firm, amid fear that François Mitterrand, Presidential Candidate for France’s Socialist Party at the time, may nationalise the company if elected. This provided L’Oreal with the stability to truly invest for the long-term
- As a result of the agreement, Nestlé and L’Oreal have equal voting rights with Nestlé agreeing not to increase its stake until six months after Ms. Bettencourt’s death
- In 2014 Nestlé sold 8% of its holding back to L’Oreal for € 6.5 B valuing its remaining 23% ownership at €18.7 B
- If Nestlé sold its entire L’Oreal stake at current market values € 17.4 B it would only have € 1.73 B in debt or 0.034x debt/equity

L’ORÉAL

- 
- 1974 Nestlé acquires a 26.4% Stake in L’Oreal
 - 1981 Nestlé and L’Oreal establish Galderma, a joint venture pharmaceuticals company specialising in dermatology
 - 2004 The agreement between Nestlé and L’Oreal is amended, giving each party the mutual first right of refusal for their L’Oreal shares should they wish to sell. This agreement expired in April 2014. Nestlé increases its holding in L’Oreal to ~30% from ~25%. Until this point it was believed Nestlé would move to take a controlling stake in L’Oreal
 - 2011 Nestlé Chairman Peter Brabeck indicates the company will make a decision on selling down its position in L’Oreal during 2014 when the deal expires
 - 2014 Nestlé sells an 8% stake of its holding back to L’Oreal for € 6.5 B leaving them with a ~ 23% share in the company valued by this transaction at € 18.7 B

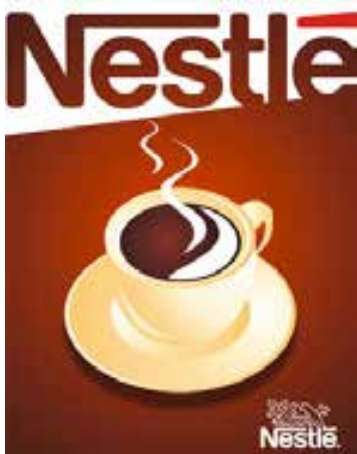
NESTLÉ SA: FORWARD STRATEGY – A COMPANY WITH OPTIONS

Shares Outstanding (in M)



SHARE BUY-BACKS

Nestlé recently sold CHF 7.87 B worth of L’Oreal shares. It still holds a position worth CHF 22.18 B* Management have said they will use the proceeds from the recent sale to buy back shares and, when asked if they would sell more L’Oreal shares, the CEO said “We shall see”. We believe this is a positive development for shareholders. Modeling the prospect of share buy-backs we assume that Nestlé will use 80% of the proceeds to buy back shares in 2014. We also expect another tranche of shares to be sold and assume that 80% of the proceeds will be used to buy back shares. This leaves 3.01 B shares outstanding by 2016, boosting EPS to CHF 4.19 (from its current CHF 3.14).



*BASED ON SHARE PRICE AT 15/07/14

NESTLÉ SA: FORWARD STRATEGY – A COMPANY WITH OPTIONS

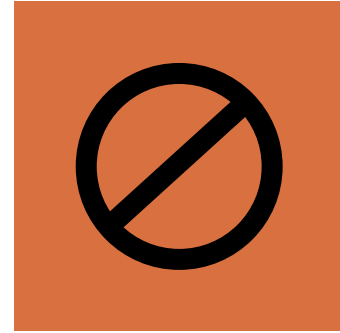


SPIN-OFF'S

We believe Nestlé may have the opportunity to spin-off one or more of its business segments in the future. Kraft's 2012 spin-off of Mondelez offers a useful precedent.

Nestlé's Health and Nutrition segment is the most logical choice for a spin-off. Health and nutrition are growth industries and the Health Science business has less synergy with the other business segments.

Nestlé have in the past spun-off non-core businesses with positive results for shareholders (e.g.) the 2010 sale Nestlé's entire stake of Alcon to Novartis for US\$ 38.7 B.



POSSIBLE ARGUMENTS AGAINST

Nestlé have observed the trend toward health and away from sugar and fat. Why would they now spin-off the business segment which diversifies away from this risk?

The Health and Nutrition segment is comprised of health food brands but is also increasingly moving toward medical and cosmetic supplies. It's possible Nestlé could package its Health Science brands for a spin-off and hold onto its health food brands.



NESTLÉ SA: FORWARD STRATEGY – A COMPANY WITH OPTIONS

INCREASED EXPOSURE IN SELECT KEY EMERGING MARKETS:

An assessment of Nestlé's recent M&A activity and investment shows that the company is targeting the expanding middle class in select emerging markets.

Acquisitions and joint ventures in China, including the acquisition of food manufacturer Yinlu and a partnership with confectionery manufacturer Hsu Fu Chi have seen investment of over CHF 13 B in China over the past three years.

Management have also invested heavily in existing operations in Mexico and India, citing a growing middle class with increased spending power.



PREMIUMISATION:

Select products have been subject to what Nestlé has called 'Premiumisation'. This involves increased marketing focused on adding value to the brand and increasing profit margins.

This can be seen in Nestlé products including Movenpick, Haagen Dazs, Perrier and Nespresso.



M&A EXPERTISE:

Nestlé CAN LEVERAGE its expertise in M&A, buying market share in key strategic markets. This is a key area of competitive advantage in the FMCG industry.



* DATA SOURCE: THOMSON REUTERS WORLDSCOPE AS AT 12/12/2014

NESTLÉ SA: FORWARD STRATEGY – PREMIUMISATION

1930'S



TODAY



NESTLÉ SA: KEY RISKS

CURRENCY RISK:

Currency movements hurt margins during FY2013, meaning that impressive organic growth did not translate into impressive real growth.

RISING INPUT COSTS:

If the cost of raw food products rises, Nestlé will likely face either reduced margins or reduced volumes. However, because of its size, Nestlé is in a better position to withstand an increase in the cost of inputs.

MACROECONOMIC RISK:

As with all global FMCG businesses, Nestlé is sensitive to changes in global aggregate demand.

RISE OF PRIVATE LABEL:

Lower cost Private Label alternatives may reduce market share for Nestlé in some business areas.

TREND TOWARDS HEALTHY EATING:

Sugary and fatty products have seen a decline in demand in many developed markets and have seen calls for increased taxation due to their effect on health.

NESTLÉ SA: COMPARABLE COMPANIES

- Nestlé trades at similar multiples to its peer group average. Because of its scale and the synergy between its business segments, we believe that Nestlé should trade at a premium to its peers:

	Trailing P/E	Forward P/E	P/Revenue	EV/EBITDA	P/Book	Dividend Yield
Danone	20.30 x	19.40 x	1.60 x	11.90 x	2.70 x	2.60%
Unilever	20.30 x	19.70 x	0.80 x	5.80 x	6.30 x	3.40%
Beiersdorf	29.50 x	26.90 x	2.80 x	16.10 x	3.80 x	1.00%
General Mills	18.70 x	17.50 x	1.80 x	11.20 x	4.90 x	3.10%
Kraft Foods Group	21.00 x	18.40 x	1.90 x	11.50 x	6.50 x	3.50%
Hillshire Brands	36.30 x	32.70 x	1.90 x	15.90 x	11.30 x	1.10%
Anheuser-Busch InBev	23.30 x	20.90 x	3.80 x	11.60 x	3.40 x	1.70%
Kimberly Clark	18.80 x	17.50 x	1.90 x	10.50 x	9.20 x	3.00%
Post Holdings	78.00 x	35.00 x	0.60 x	9.60 x	1.46 x	0.00%
PepsiCo Inc	20.20 x	19.10 x	2.00 x	11.90 x	5.80 x	2.90%
Mondelez	23.50 x	20.50 x	1.80 x	13.50 x	1.90 x	1.50%
Kirin Holdings	20.40 x	23.60 x	0.60 x	6.90 x	1.30 x	2.50%
Tyson Foods	14.10 x	12.60 x	0.40 x	6.00 x	1.90 x	0.80%
Kerry Group	21.30 x	19.30 x	1.70 x	13.40 x	3.90 x	0.70%
Fonterra	19.80 x	/	/	/	/	3.60%
Parmalat	20.30 x	19.30 x	0.90 x	12.60 x	1.40 x	1.20%
The Coca Cola Company	20.30 x	19.50 x	3.90 x	15.20 x	5.50 x	2.90%
Peer Average	25.07 x	21.37 x	1.77 x	11.48 x	5.53 x	2.09%
Nestlé	21.10 x	19.50 x	2.40 x	13.10 x	3.20 x	3.10%



NESTLÉ SA: SCENARIO ANALYSIS VALUATION

ASSUMPTIONS:

- Revenue CAGR (13 year) = 2.80%
- Management expectations for revenue growth FY2014 = 5%
- Shares Outstanding 2016 – Conservative assumes no share buy-back (3.1 B outstanding).
Optimistic assumes share buyback (3 B outstanding)
- Nestlé historical PE average = 20.5 x
- Peer Group average PE = 22.5 x

	Conservative	Optimistic
2014 Revenue	92158	92158
CAGR %	2.80%	4.00%
2016 Revenue	100118.05	103665.22
Net Margin	11%	12.00%
2016 Net Income	11012.99	12439.83
Shares Outstanding	3100	3001
2016 EPS	3.55	4.15
x PE Multiple	20.50 x	22.50 x
Implied 2016 Share Value	CHF 72.83	CHF 93.27
2016 Value Discounted to 2014*	CHF 65.34	CHF 83.68

*DISCOUNT RATE APPLIED = 7.5%

NESTLÉ SA: SUM-OF-THE-PARTS (SOTP) VALUATION

- Based on a SOTP valuation using historical transaction multiples*, Nestlé is worth CHF 84.61, representing 23.6% upside potential

Segment	Contribution to Revenue	EBITDA	EV/EBITDA	EV/EBITDA *EBITDA
Powdered and Liquid Beverages	22%	4649	18.00 x	77405.85
Water	7%	678	18.00 x	11288.7
Milk products and Ice cream	19%	2632	13.00 x	34216
Nutrition and Healthcare	13%	2228	15.60 x	34756.8
Prepared Dishes/Cooking Aids	15%	1876	13.50 x	25326
Confectionery	11%	1630	13.00 x	21190
PetCare	12%	2163	15.70 x	33959.1

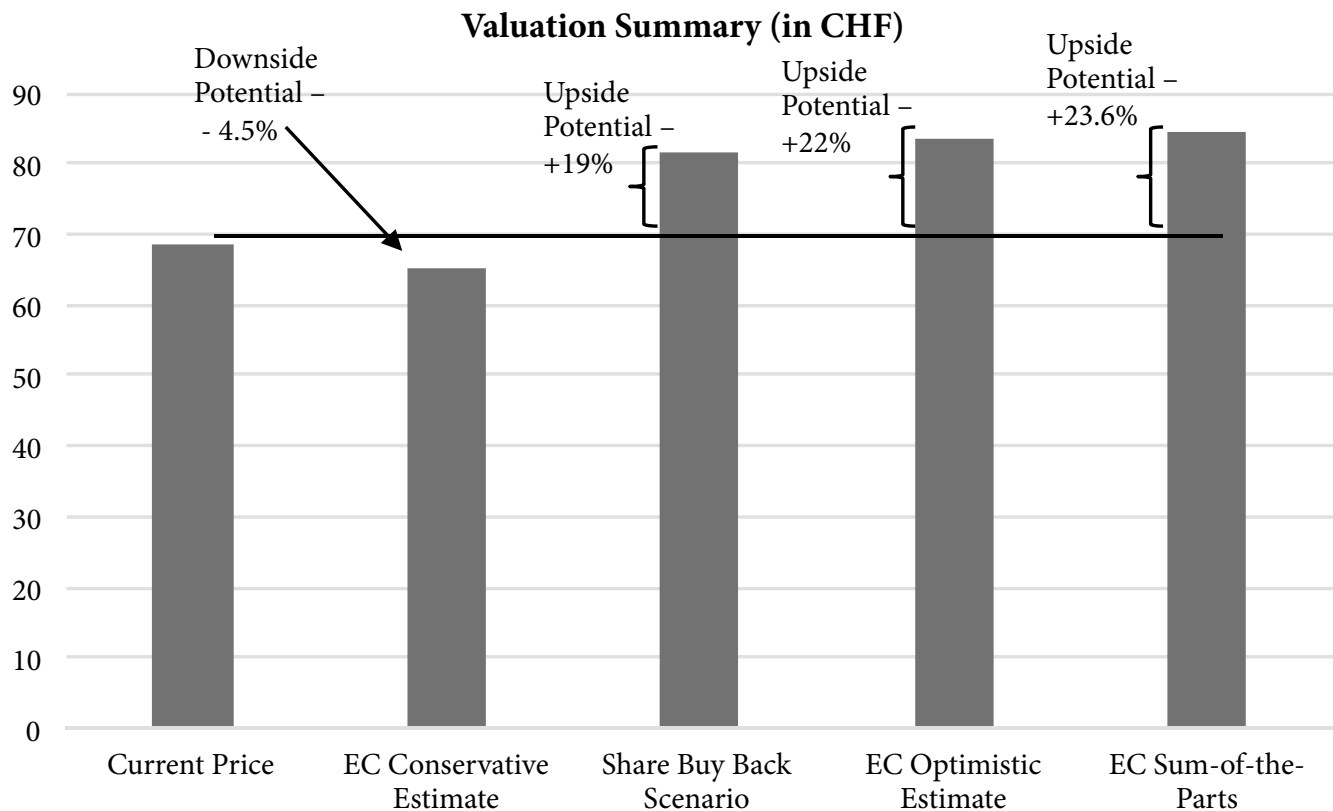
EV	245333.90
Cash	7053
Total Debt	21743
L'Oreal Stake	17039
Market Cap	247682.90
Implied Price	CHF 76.92
10% Premium	CHF 84.61



*REFER APPENDIX 3 FOR INDUSTRY TRANSACTIONS REFERENCED

NESTLÉ SA: VALUATION SUMMARY

- Nestlé trades at a discount to our estimated intrinsic value of between 19% and 23%
- Spin-offs, increased share buy-backs and strong organic growth in emerging markets may further enhance value



NESTLÉ SA: ELEVATION CAPITAL CONCLUSION

COMPETITIVE MOAT:

Unparalleled scale and brand recognition provide

LONG TERM RETURNS:

Nestlé trades at only a modest discount to peers. However, it has seldom traded at a significant discount to its peers and despite this the total shareholder return over the last ten years (assuming no dividend reinvestment) is ~147%

DIVERSIFICATION BENEFITS:

We see owning Nestlé as being akin to owning a portfolio of consumer goods stocks, diversified across geographical regions and industries. Managements tendency to look for opportunity in emerging markets is an attractive prospect

VALUE ENHANCEMENT:

We believe there is significant unrealised value in the business which could be released by spinning off divisions or individual brands and by accelerating share buybacks using the proceeds from divestments

PAID TO WAIT:

We receive a 3.1% dividend yield in CHF to be patient



KitKat

KitKat

Free Must Downlo
WITH THIS PACK

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WITH THIS PACK

APPENDICES

APPENDIX 1.

NESTLÉ SA: FINANCIAL OVERVIEW

INCOME STATEMENT

FY2013 revenue of CHF 92.16B

Net income of CHF 10.02 B

Net Margin of 10.9% (industry average is 11.68%)

EPS of CHF 3.14

Nestlé has a dividend yield of 3.11% (industry average is 2.30%)

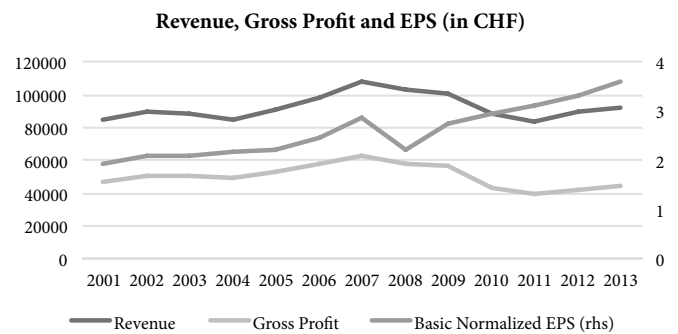
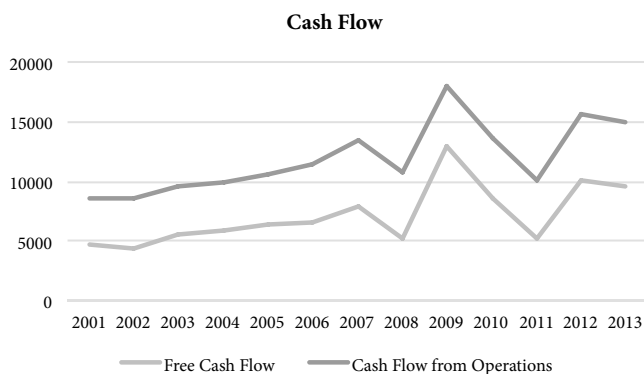
BALANCE SHEET

Debt/Equity of 34.7% (industry average of 117.70%)

CAGR (2001 – 2013) of Book Value of Equity – ~5%

CASH FLOW STATEMENT

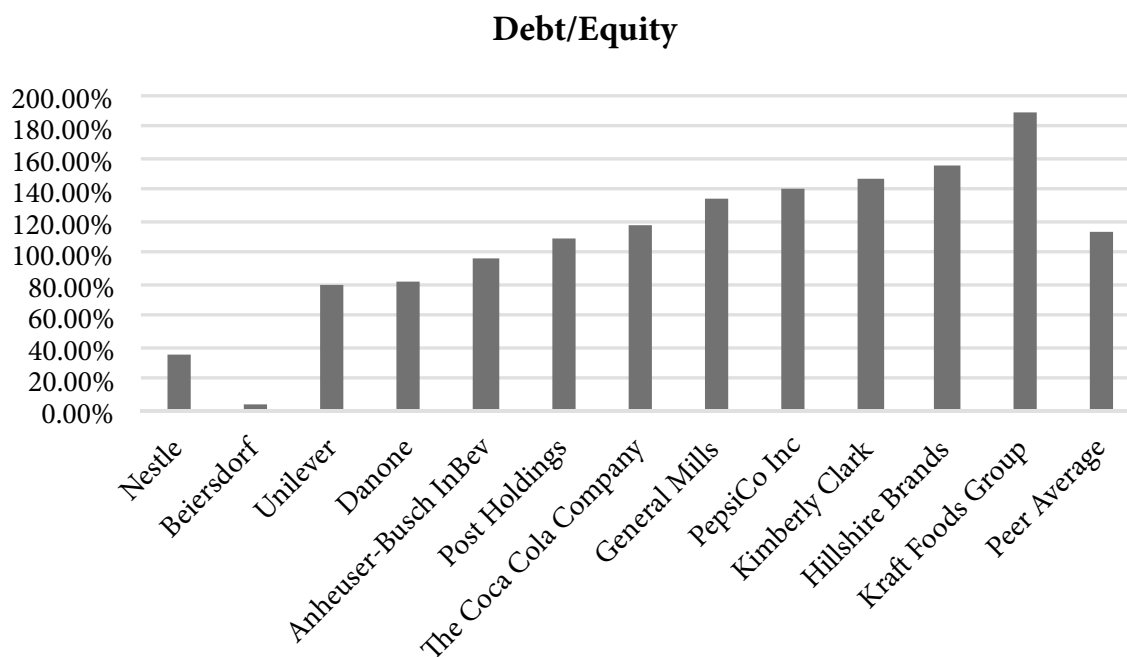
Slow but steady growth in Operating Cash Flow and Free Cash Flow



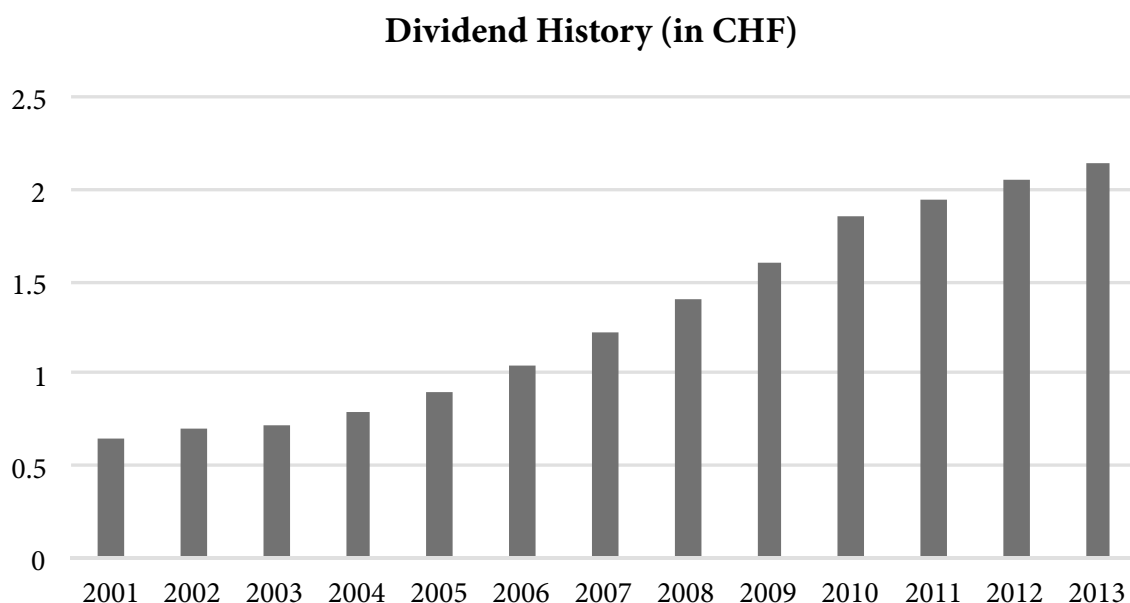
APPENDIX 2.

NESTLÉ SA: FINANCIAL

CONSERVATIVELY FINANCED/LOW DEBT



RELIABLE DIVIDEND PAYER – 3.11% YIELD

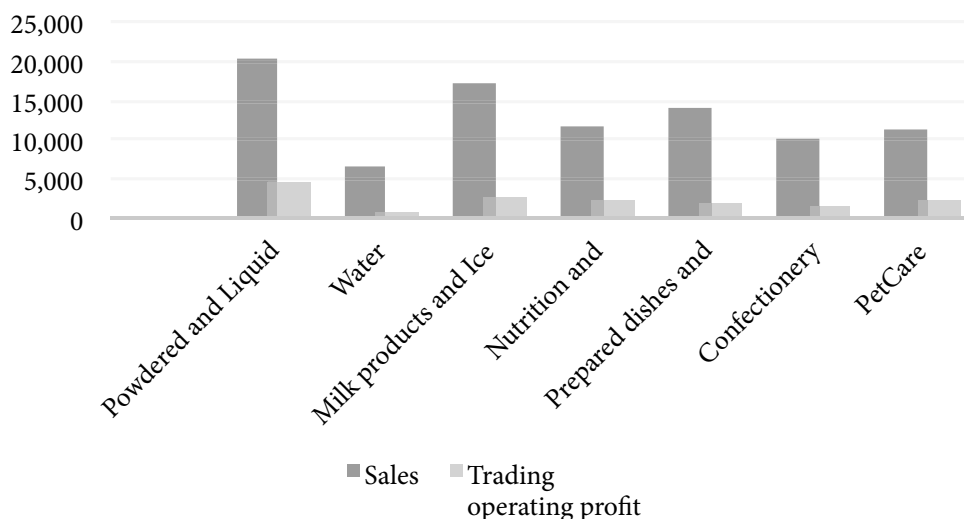


APPENDIX 3.

NESTLÉ SA: OPERATING SEGMENTS

- Powdered and Liquid Beverages - 22% of revenue
- Water - 7% of revenue
- Milk Products and Ice Cream – 19% of revenue
- Nutrition and Healthcare - 13% of revenue
- Prepared Dishes and Cooking Aids - 15% of revenue
- Confectionery – 11% of revenue
- PetCare – 12% of revenue

Revenue and Operating Profit by Segment (in CHF M)



HISTORICAL INDUSTRY TRANSACTIONS FOR “SOTP” VALUATION

Year	Acquirer	Target	EV/EBITDA
2013	Suntory	GSK's Lucozade and Ribena	18.00 x
2012	Nestle	Pfizer's Wyeth	19.80 x (15.6 x after estimated cost savings)
2010	Kraft	Cadbury	13.00 x
2014	Tyson	Hillshire	13.50 x
2001	Nestle	Ralston Purina	15.70 x

ELEVATION CAPITAL MANAGEMENT LIMITED

PARIS ORLEANS SCA [PAOR:FP]

Research Presentation released in November 2014



PARIS-ORLEANS



PARIS ORLÉANS SCA: PARENT COMPANY OF THE ROTHSCHILD GROUP

The Rothschild Group is one of the world's largest independent financial advisory groups, employing approximately 2,800 people in 40 countries around the world



THE ROTHSCHILD FAMILY
47.1% of share capital
55.5% of voting rights



FLOAT
52.9% of share capital
44.5% voting rights



Parent company of The
Rothschild Group



The Rothschild Group
- *Global Financial Advisory*
- *Wealth & Asset Management*
- *Merchant Banking*

PARIS ORLÉANS SCA: THE ROTHSCHILD GROUP

The Rothschild Group is one of the world's largest independent financial advisory groups, employing approximately 2,800 people in 40 countries around the world

#1 M&A ADVISER IN EUROPE

By number of completed
M&A deals in Europe*
(For twelve consecutive years)

WEALTH & ASSET MANAGEMENT

AUM = €42.3B
(55% WM, 45% AM)*

GLOBAL FINANCIAL ADVISER

Adviser on ~450 transactions
with a total value of \$430B*

MERCHANT BANKING

AUM = €3.2B*

PARIS ORLÉANS SCA: HISTORY OF PARIS ORLÉANS

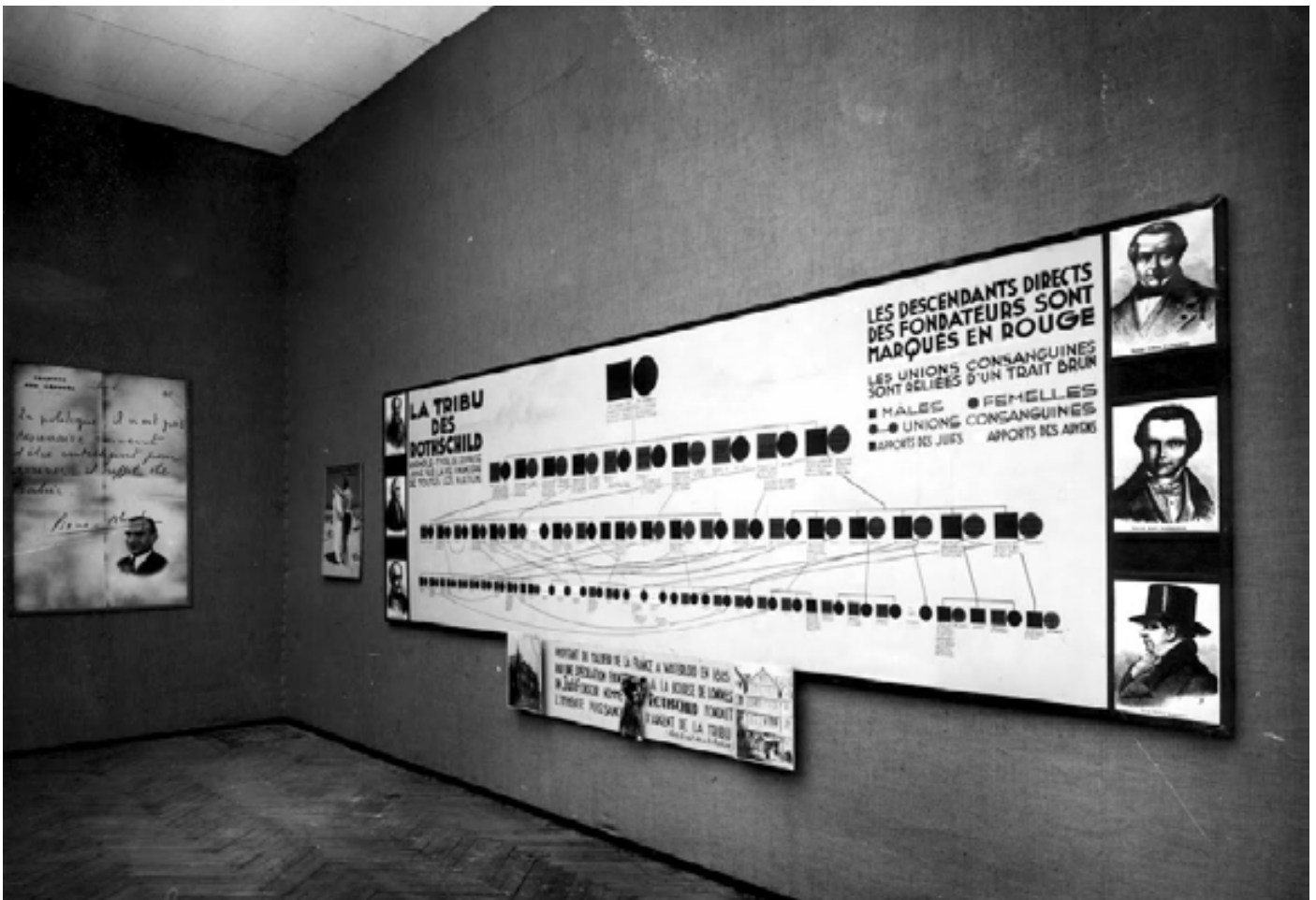
- 1838 Creation of Paris Orléans, a French railway company
- 1937 Paris Orléans discontinues its railway business
- 1982 Relaunch of Rothschild's French activities through Paris Orléans following the nationalisation of the Rothschild family's French bank in 1981
- 2003 Move to unify and optimise the worldwide group structures with the creation of a new lead entity, Concordia BV, held equally by Paris Orléans and the English branch of the Rothschild family
- 2007/08 Acquired control of the banking activities at a global level and completed reorganisation of family shareholdings
- 2012 Paris Orléans' reorganisation to streamline its organisation, optimise its regulatory capital and preserve family control, with its conversion into a partnership limited by shares



PARIS ORLÉANS SCA: THE ROTHSCHILD BANKING DYNASTY

The majority owners of Paris Orleans, the Rothschilds, are one of the most prominent families in modern history and have been since the 1700's. The Rothschilds are descended from Mayer Amschel Rothschild, a courtier in the City of Frankfurt. Mayer established a banking business in the 1760's and was able to pass on his fortune and business to his five sons. Being Jewish, Mayer Rothschild was fortunate to bequeath his fortune to his sons. Prior to this, Jews had been subjected to restrictive legislation including a law which barred them from bequeathing wealth. This led to the creation of one of the greatest family fortunes in modern history. The five brothers established an international banking empire, spreading from modern day Germany to Britain, France, Austria and Italy. The five arrows, which appear on the family crest and form the Paris Orleans logo, symbolise the five dynasties of the Rothschilds, established by Mayer Rothschild's sons.

Currently, there are a number of Rothschilds involved in the management of Paris Orleans. David de Rothschild is the Chairman and has a long history of involvement with Paris Orleans and the Banque de Rothschild. Alexandre de Rothschild is on the Board of Directors and Eric de Rothschild and Anthony de Rothschild are members of the Supervisory Board.



The Rothschild family-tree, an exhibit at the antisemitic exhibition “The Jew and France” at Bordeaux, France

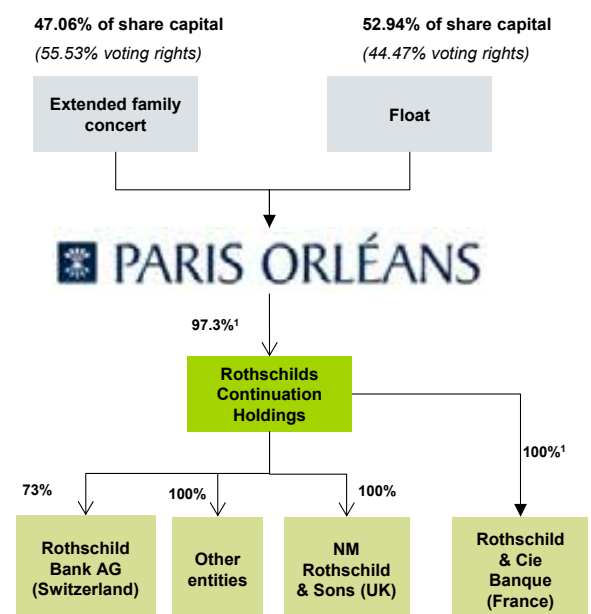
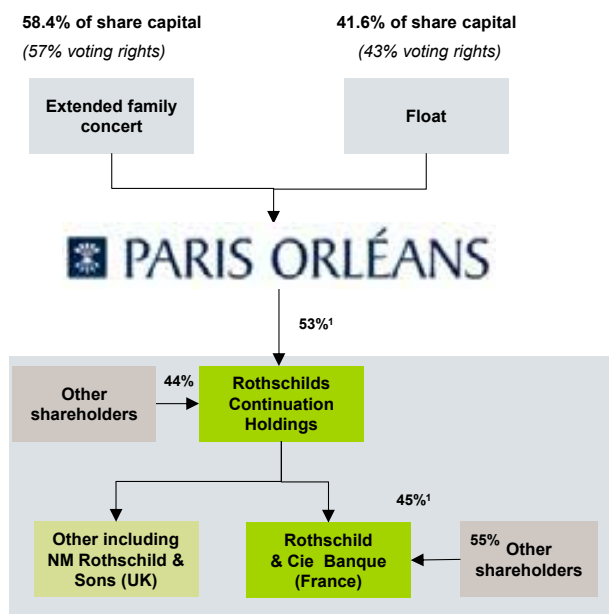
PARIS ORLÉANS SCA: 2012 REORGANISATION

BEFORE JUNE 2012

Complexity of entities
 Holding company structure and valuation
 Unaligned management interests
 €1.0B of minority interests out of €1.7B of consolidated equity

AFTER JUNE 2012

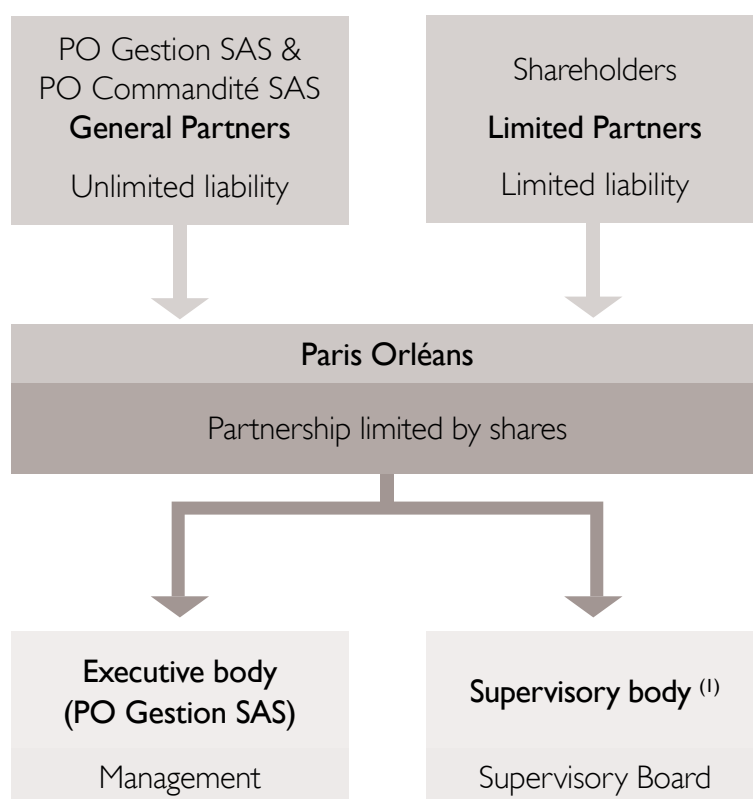
A simplified structure
 No longer a holding company structure
 Aligned management interests through reduced minority interests
 Secured family control



PARIS ORLÉANS SCA: FRENCH PARTNERSHIP LIMITED BY SHARES

During mid June, 2012, Paris Orleans underwent a simplification of structure. The result, was the transformation of Paris Orleans from a Limited Company (Societe Anonyme in France), to a Partnership Limited by shares.

There are two categories of partner: General Partner and Limited Partner. Limited Partners have the same liabilities as those of a shareholder of a limited company, limited to the amount of their investment. The General Partners have joint and general liability for all of the company's debts. In terms of the relationship between Limited and General Partners, no decision of the General Meeting of Shareholders is valid unless it is unanimously approved by the General Partners. The two General Partners, designated in the Articles of Association are PO Gestion SAS and PO Commandite SAS. According to the Articles of Association, 0.5% of the distributable profit (distributable to both Limited and General Partners), will be automatically allocated as payment to the two General Partners (€778,156 in FY2014). The procedures in place comprehensively solidify the control of the Rothschild family on Paris Orleans.



PARIS ORLÉANS SCA: FOCUSED ON FEES RATHER THAN SPREADS

GLOBAL FINANCIAL ADVISORY



2014 Revenue = €689M (62%)

M&A and Strategic Advisory
Financing Advisory
in Debt, equity, restructuring

Geographical footprint:
Worldwide, 50 offices in 40 countries

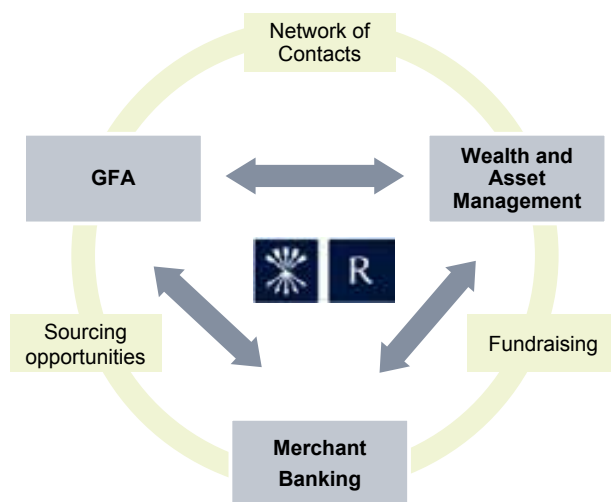
WEALTH & ASSET MANAGEMENT



2014 Revenue = €307M (28%)

Wealth Management
Asset Management
Trust Services

Geographical footprint:
Mainly Europe with targeted extensions in US, HK, Singapore etc.



MERCHANT BANKING

2014 Revenue = €74M (7%)

Private Equity
Private Debt



Geographical footprint:
France/UK hubs with investments in Europe
and emerging countries

OTHER ACTIVITIES

2014 Revenue = €38M (3%)

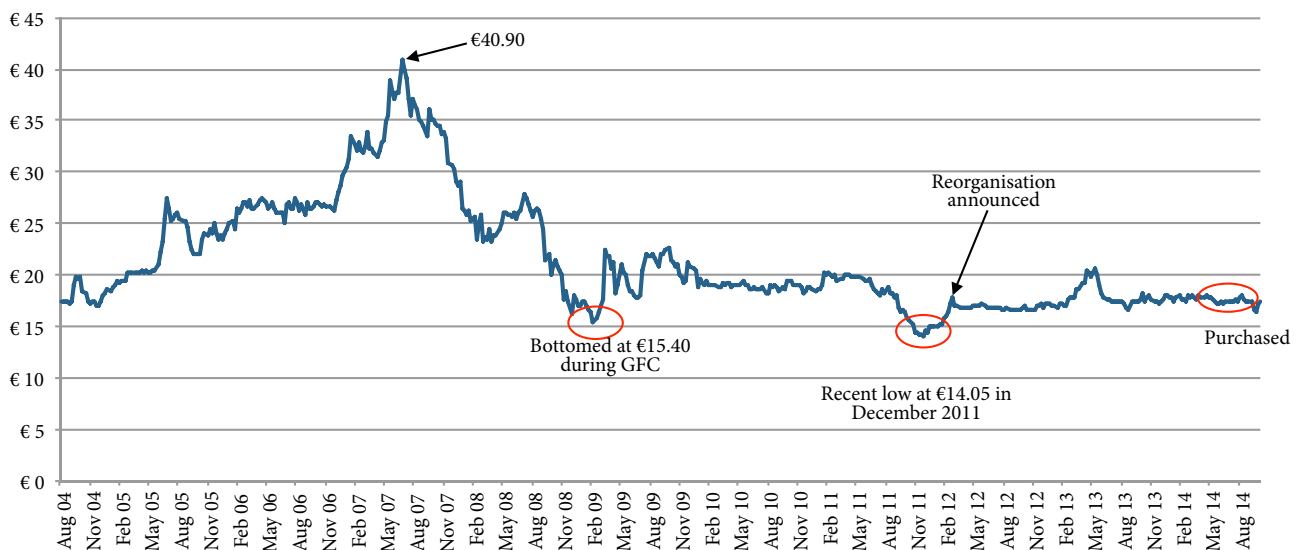
Specialty finance in asset leasing
and fund lending
Corporate lending legacy book



PARIS ORLÉANS SCA: A STOCK THAT IS UNDER THE RADAR

- The stock has traded in a relatively narrow price band since bottoming at €15.40 during GFC
- Little research coverage from brokerage firms**
- Current share price* = €17.39 (Market Cap = €1.2B)

Paris Orléans Share Price Since August 2004

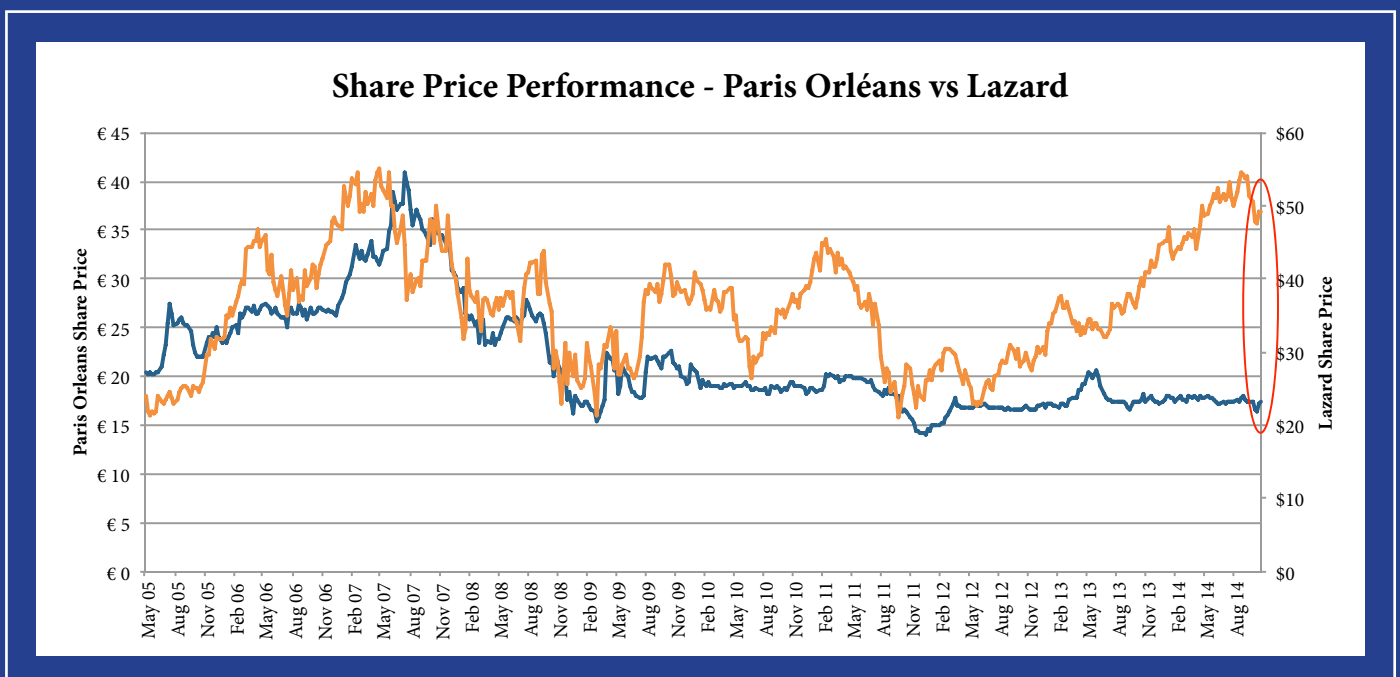


* AS AT 31 OCTOBER 2014

** THOMSON REUTERS STARMINE LISTED THREE FIRMS THAT COVER THE COMPANY

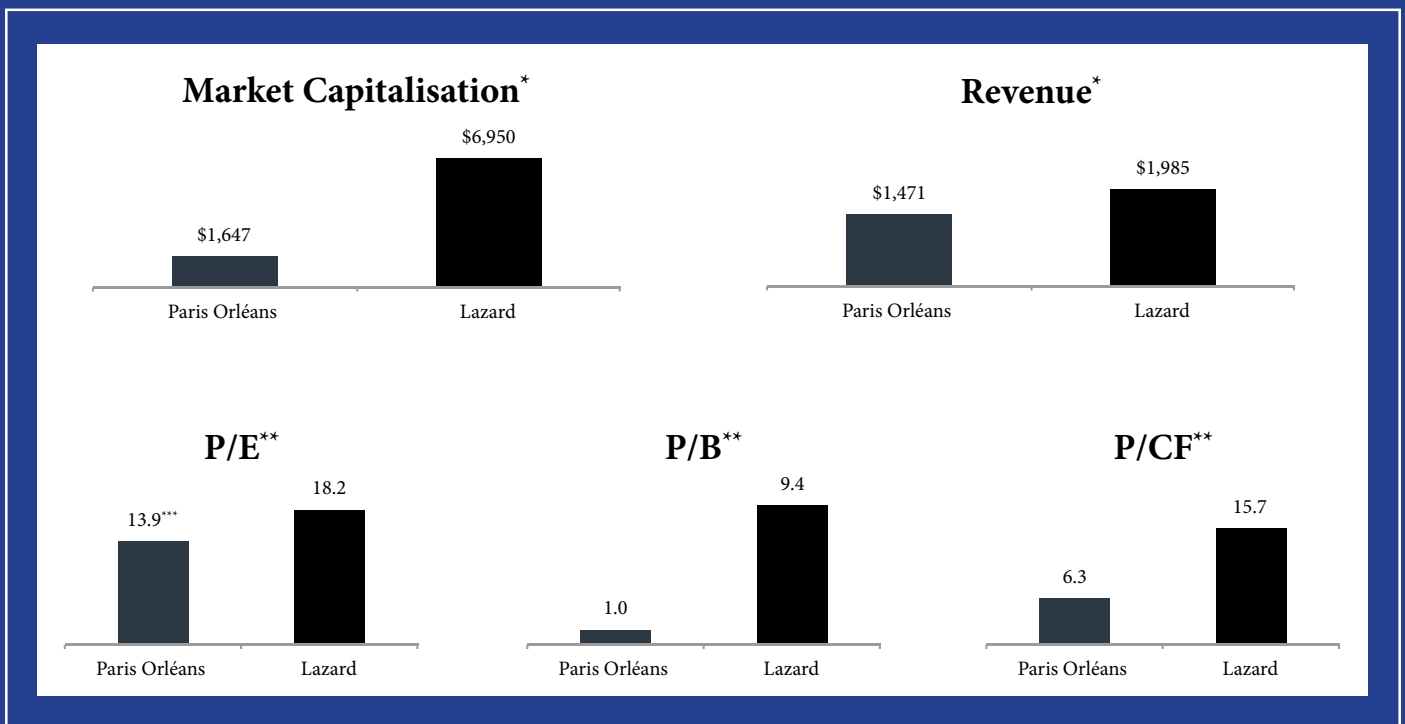
PARIS ORLÉANS SCA: PARIS ORLÉANS VS LAZARD – SHARE PRICE

- Lazard Limited (LAZ:US) is a directly comparable company of Paris Orléans that is listed on NYSE
- A significant difference in share price/market capitalisation performance have developed since 2012 between Paris Orléans and Lazard, which we suggest is due mainly to the valuation gap between the two stocks (discussed in the next slide)



PARIS ORLÉANS SCA: PARIS ORLÉANS VS LAZARD – VALUATION

- Lazard has a market capitalisation of approximately 4 times that of Paris Orléans. However, its revenue is only 35% greater than that of Paris Orléans
- Traditional valuation metrics suggest that Paris Orléans is trading at a significant discount to Lazard



* IN USD MILLION

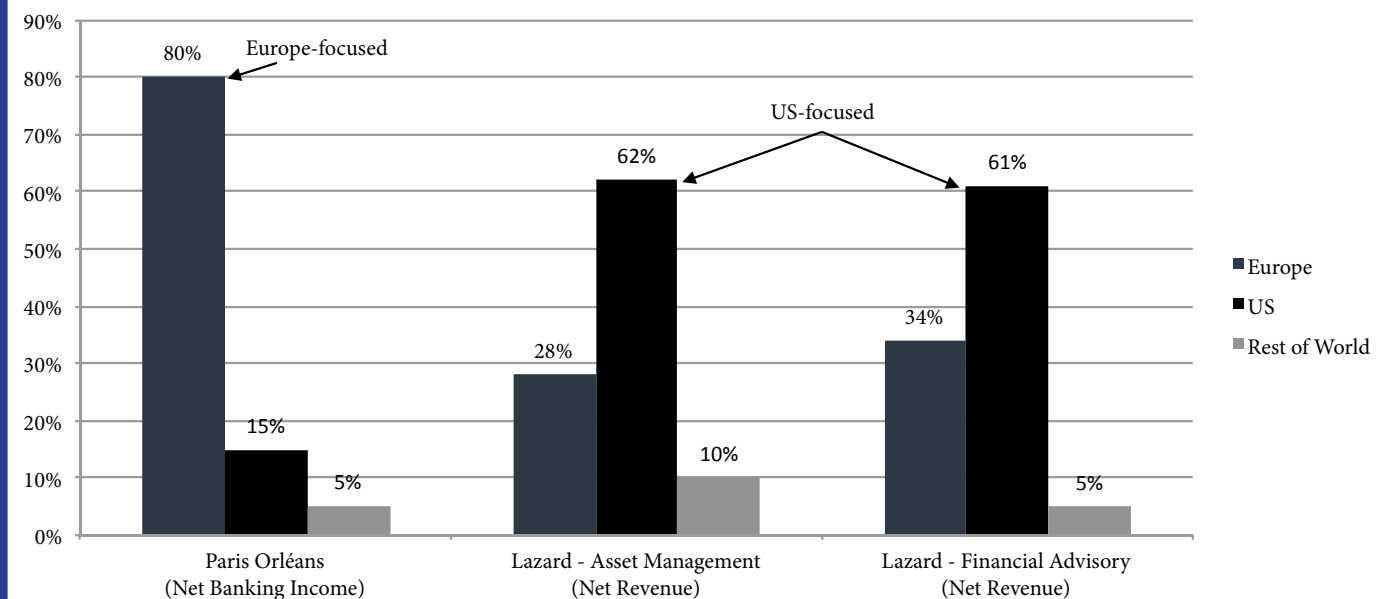
** DATA SOURCE: THOMSON REUTERS AS AT 21 AUGUST 2014 / P/B = PRICE : BOOK; P/CF = PRICE : CASH FLOW

*** ELEVATION CAPITAL ADJUSTED

PARIS ORLÉANS SCA: PARIS ORLÉANS VS LAZARD – GEOGRAPHIC FOCUS

- The main difference between the two companies is their geographic focus – Lazard has a strong presence in the US that has seen robust M&A activities in recent years, while Paris Orléans is primarily exposed to the European market which has seen more subdued growth
- We suggest the above (as well as the lack of reported earnings and family control at Paris Orléans) is a principal reason for the significant difference in the valuations between the two stocks. i.e., the growth prospects of the two companies in the near future

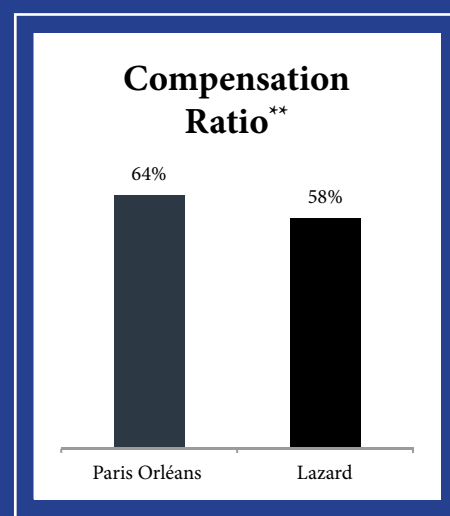
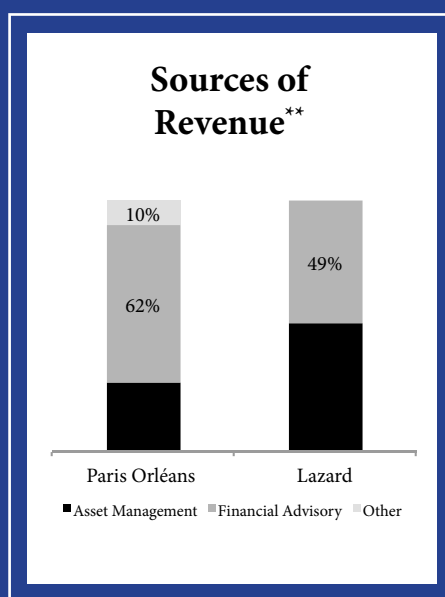
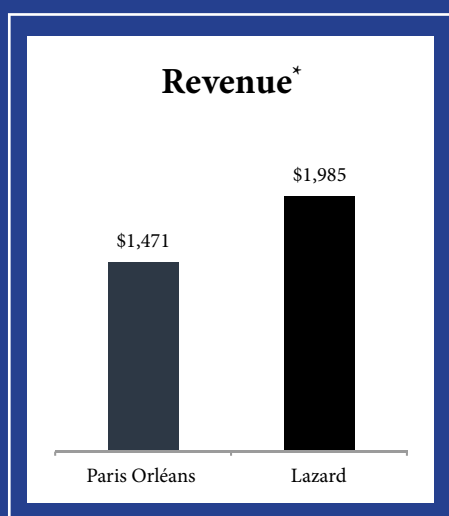
Segmental Analysis By Geography*



* LATEST ANNUAL REPORTS

PARIS ORLÉANS SCA: PARIS ORLÉANS VS LAZARD – REVENUE / COST

- It is also important to acknowledge the difference in asset management revenues – 28% at Paris Orléans vs 51% at Lazard, as asset management is a much less volatile business that generates stable cash flows
- Both companies grew their Asset Management businesses by double digit in 2013 (PAOR.FP = 10%, LAZ. US = 12%)
- Paris Orléans currently has a higher compensation ratio than Lazard. This is an important metric to monitor if the Company is to improve its returns to shareholders and close the valuation gap between the two companies



* IN USD MILLION

** LATEST ANNUAL REPORTS, AND PAOR.FP MARCH/2014 INVESTOR PRESENTATION

*** DATA SOURCE: THOMSON REUTERS AS AT 21 AUGUST 2014

PARIS ORLÉANS SCA: KEY RISKS

OWNERSHIP/CORPORATE GOVERNANCE:

Although the 2012 reorganisation of Paris Orleans ownership structure moved the interests of the majority owners (the Rothschilds) further in line with public equity owners, the Rothschilds still hold the majority of the voting rights and therefore have sole control of the company.

Because of the family control of Paris Orleans, financial risk is likely to be minimised by a risk averse owner, meaning the use of leverage will be minimised. However, it also means, in our opinion, that lower earnings are likely to be reported as the majority owners are more concerned with cash flow than earnings. This may have the effect in depressing share price as the shares don't appear as cheap as they are.

REGULATION RISK:

All financial institutions are subject to regulation risk, as the finance industry is one of the most regulated in the world. This is particularly the case in Europe, Paris Orleans' home market. The majority of the risk posed by regulation is in the constraint of leverage, a restriction which is likely to be non-binding for Paris Orleans because of their low levels of debt.

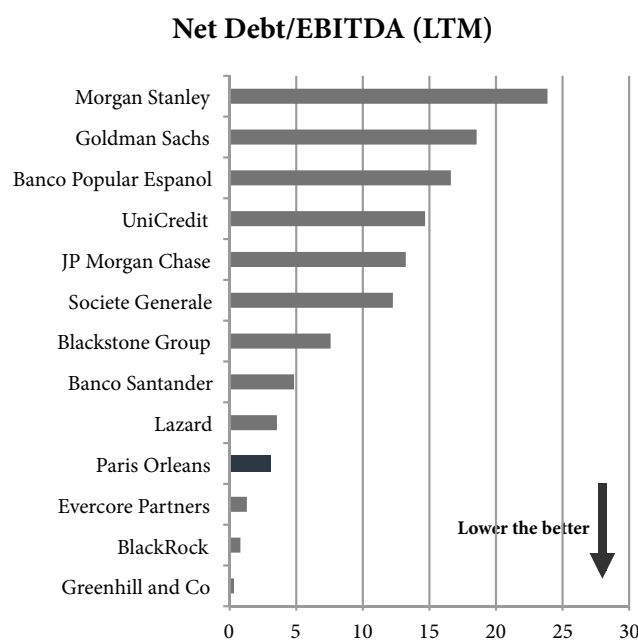
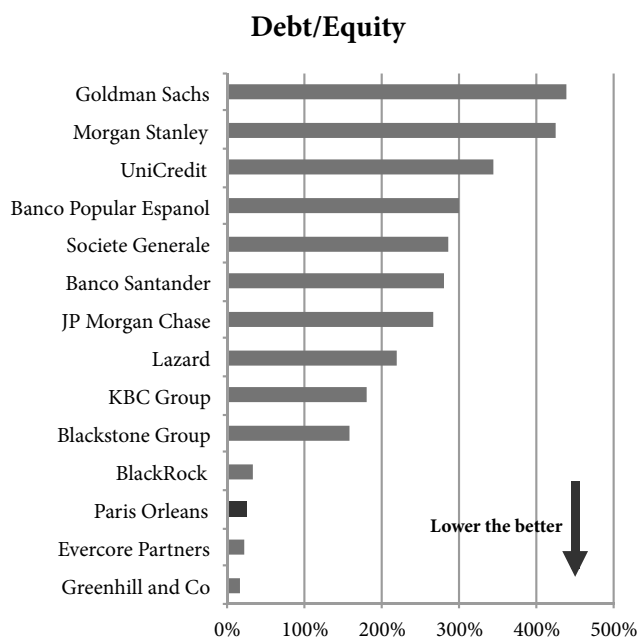
INTEREST RATE UNCERTAINTY:

Interest rate fluctuations have historically played a significant role in the profitability of banks. However, banks and similar financial institutions have increasingly sought to diversify revenue sources to mitigate their dependence on interest rates. They've done this by focusing on fee based income from advisory services such as M&A and capital raising.



PARIS ORLÉANS SCA: FINANCIAL LEVERAGE

- Paris Orléans' debt levels of 24.4% Debt / Equity are significantly below the industry average of 243%*
- In terms of Net Debt / EBITDA, Paris Orléans is also significantly below the peer group average*



* DATA SOURCE: THOMSON REUTERS, PAOR.FP NUMBER IS BASED ON EC ESTIMATE

PARIS ORLÉANS SCA: NON-CONTROLLING INTERESTS

BONDS

Paris Orleans has US\$722M of bonds outstanding, the majority of which are perpetual bonds issued by the subsidiary, Rothschild Continuation Holdings. The company has the option not to pay the interest providing that a discretionary payment (such as a dividend) has not been paid during the previous six month period. Therefore, under IFRS, these perpetual notes are classified and listed under Equity as “Non-Controlling Interests” on the balance sheet. The other bonds mature in 2014 (US\$64.6M) and 2015 (US\$96.7M).

OTHER MINORITY INTERESTS

Other Minority Interests come from the partially owned subsidiaries which are in turn owned by Paris Orleans subsidiaries.

NON-CONTROLLING/MINORITY INTERESTS PAYMENTS

A portion of earnings is paid out to Non-Controlling/Minority interests each year. For FY2013/14, €55.60M was paid out in comparison to €42.30M the previous year:

- €16M of the payment to minority interests is non-recurring (due to the Group Reorganisation)
- €13.92M is attributable the payment of interest on the perpetual subordinated debt

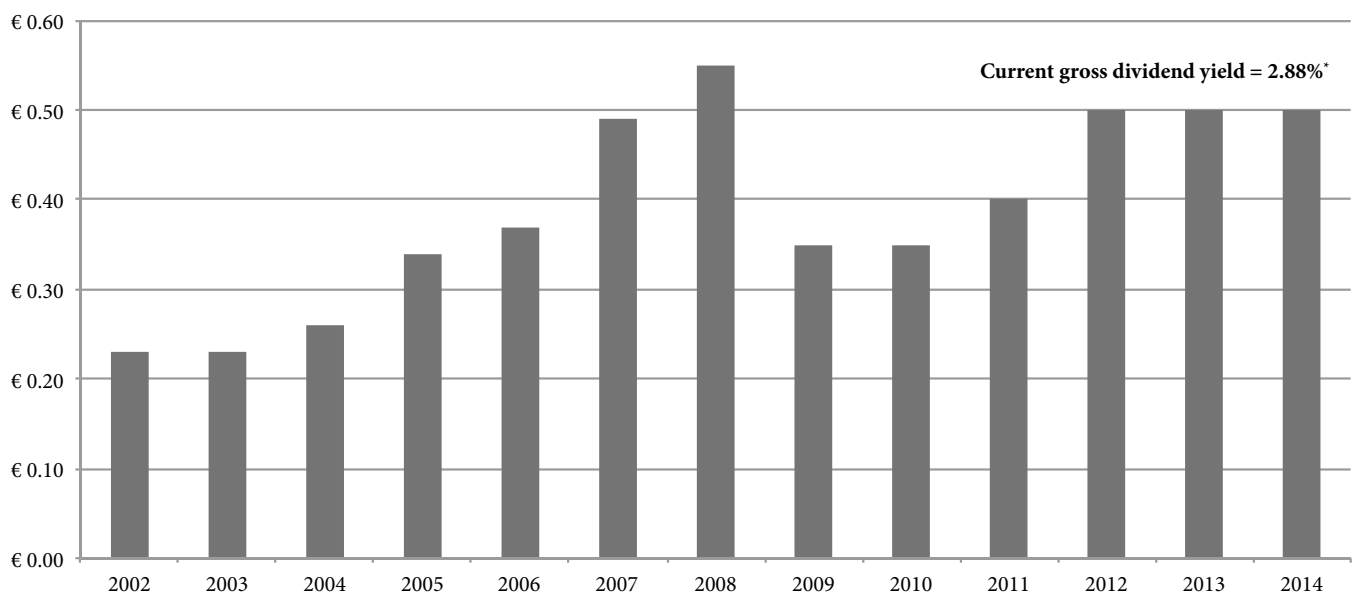
It is anticipated that when there are no longer non-recurring costs related to the 2012 restructure, the portion of earnings which accrues to Minority Interests will be more predictable for investors, with a similar amount attributed to payment of perpetual debt each year and the remainder of Minority Interest payments simply reflecting the level of ownership of each of the minority owners.

Paris Orleans has signaled that it intends to buy in a number of the subsidiaries currently partially held by outside interests. This will decrease complication of the ownership structure of Paris Orleans and reduce the amount of earnings going to Minority Interests as a proportion of Net Income. This will also potentially enhance the valuation and reduce the current discount to intrinsic value of Paris Orleans shares.

PARIS ORLÉANS SCA: DIVIDEND HISTORY

- Paris Orléans has been a steady dividend payer, maintaining its dividend albeit at a reduced level through the GFC
- Since the GFC, dividends have recovered and we anticipate this trend to continue

Paris Orléans Dividend History



* AS AT 31 OCTOBER 2014

PARIS ORLÉANS SCA: COMPARABLE COMPANIES

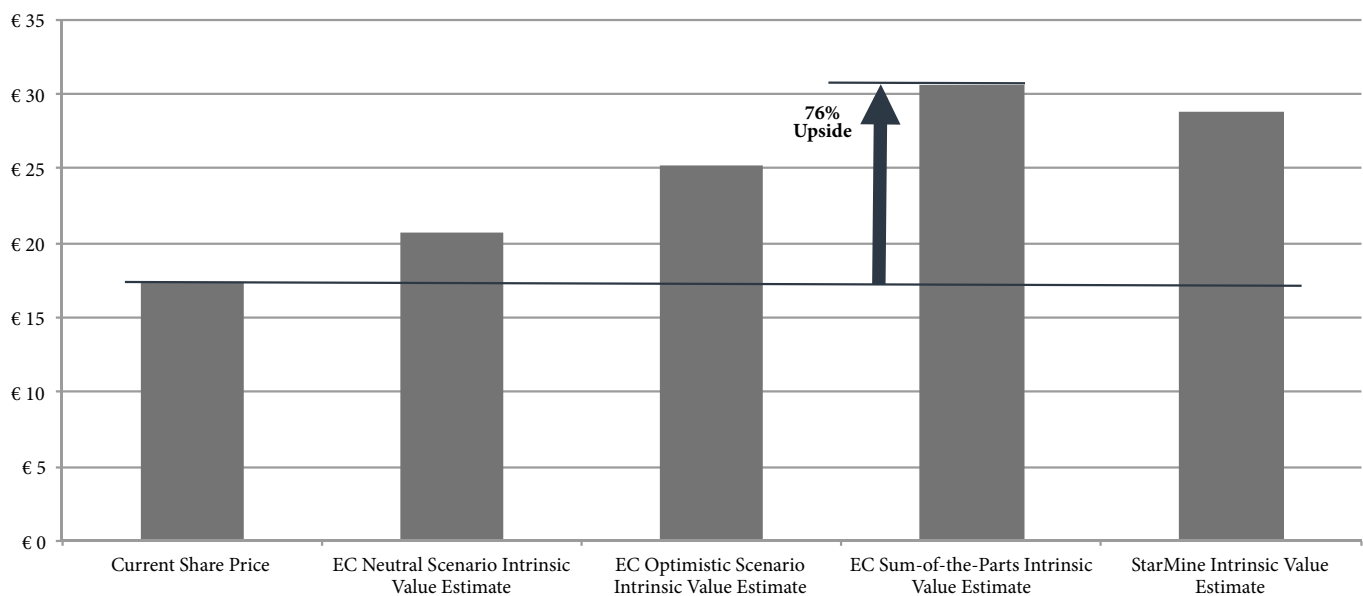
Paris Orleans is priced below its peer group average on all of the valuation multiples/metrics outlined in the table below with the exception of Price/Earnings (P/E). However, we affirm our view that Paris Orleans is not incentivised to report strong earnings and note that adjusting for unusual items such as impairments, the P/E ratio drops to 13.92 x earnings, below the peer group average.

	Trailing P/E	Price/Revenue	EV/EBITDA	Price/Cash Flow	P/B	P/TBVPS	Dividend Yield
Banco Popular Espanol	20.10 x	2.90 x	N/A	4.60 x	0.90 x	1.04 x	0.80%
KBC Group	20.00 x	2.60 x	7.20 x	7.80 x	1.30 x	1.29 x	1.70%
Societe Generale	11.20 x	1.40 x	N/A	5.70 x	0.70 x	0.66 x	2.30%
UniCredit	N/A	1.70 x	N/A	4.10 x	0.80 x	0.83 x	1.50%
Banco Santander	17.70 x	2.20 x	N/A	4.10 x	1.20 x	1.97 x	7.60%
Lazard	21.80 x	2.80 x	11.30 x	14.20 x	8.40 x	56.31 x	2.30%
Blackstone Group	10.50 x	5.30 x	9.80 x	9.10 x	3.00 x	4.74 x	4.10%
BlackRock	17.80 x	4.40 x	10.10 x	12.10 x	1.80 x	/	2.50%
Goldman Sachs	10.60 x	2.20 x	5.70 x	7.40 x	1.00 x	1.12 x	1.30%
JP Morgan Chase	11.90 x	2.20 x	N/A	5.80 x	1.00 x	1.49 x	2.80%
Morgan Stanley	14.20 x	1.80 x	6.50 x	8.70 x	0.90 x	1.18 x	1.30%
Greenhill and Co	29.40 x	4.20 x	14.10 x	20.70 x	5.50 x	15.15 x	3.80%
Eaton Vance Corp	21.17 x	11.10 x	13.22 x	10.10 x	6.31 x	11.67 x	2.30%
Franklin Resources	16.37 x	4.00 x	9.80 x	14.65 x	3.13 x	4.24 x	0.83%
Invesco	18.46 x	2.90 x	9.70 x	17.31 x	1.93 x	77.77 x	2.69%
T. Rowe Price	20.33 x	5.20 x	10.00 x	18.24 x	4.30 x	5.02 x	2.11%
Janus Capital	20.79 x	2.40 x	7.60 x	11.50 x	1.91 x	/	2.59%
Evercore Partners	23.4 x	2.50 x	9.80 x	12.30 x	3.40 x	7.31 x	1.80%
Peer Group Median	16.50 x	2.20 x	9.80 x	9.60 x	1.85 x	1.97 x	2.30%
Paris Orleans	19.24 x	1.10 x	8.50 x	6.40 x	1.00 x	1.29 x	2.88%

PARIS ORLÉANS SCA: MARGIN OF SAFETY

- A clear opportunity for Paris Orleans investors is the simple fact that the company trades at a significant discount to our intrinsic value estimate
- Our research has determined that it is undervalued by the market on both a cross sectional (comparison with other companies) and a time series (compared with its own historical trading multiples) basis
- We believe the stock is trading at a 43% discount (76% upside potential) to our estimated Sum-of-the-Parts (“SOTP”) value of €30.66 per share

Valuation Summary



* EC SUM-OF-THE-PARTS (“SOTP”) VALUATION = ASSET MANAGEMENT (€840M) + GLOBAL FINANCIAL ADVISORY (€764M) + MERCHANT BANKING (€572M) = €2.18B

PARIS ORLÉANS SCA: ELEVATION CAPITAL VIEW



2012 REORGANISATION

A simplified structure
No longer a holding company structure
Aligned management interests
Secured family control



ROTHSCHILD

Possible renaming of the parent company to 'Rothschild' to reflect the Rothschild heritage to improve market visibility



RESEARCH COVERAGE

The stock is suffering from a lack of market awareness, leading to pricing inefficiency. Increased visibility may improve market awareness



FEES NOT SPREADS

90% of revenue in 2014 was from fee-based income
De-risk business from interest rate risk



BUSINESS CYCLE

Still in the early stage of business cycle in Europe, US and globally



ASIA

Management have identified a lack of market share in the Asian region, and implemented a recruitment plan to rectify the situation



EUROPEAN RECOVERY

On 30/6/14, FT stated that "*In Europe, M&A is back with a bang*", which is consistent with management's recent positive comments on M&A in Europe



GROWTH IN ASSET MANAGEMENT

Significant growth in FUM for Asset & Wealth Management will reduce income volatility



PROSPECT OF DIVIDEND INCREASE

Increased M&A activities in Europe may lead to increased dividends which had been stagnant for the last three years

ELEVATION CAPITAL MANAGEMENT LIMITED

PENN WEST PETROLEUM LTD [PWT:CN / PWE:US]

Research Presentation released in August 2014





PENN WEST: LARGE OIL & NATURAL GAS PRODUCER IN CANADA

- Leading position in light oil resource plays in Western Canada



PENN WEST: HISTORY - STRATEGY OF GROWTH THROUGH ACQUISITIONS

- 1980 Penn West Petroleum Ltd was formed in 1980 following the amalgamation of several small companies which had been established to operate within the upstream oil and gas industry of Western Canada.
- 1999 In August 1999, the company acquired essentially all of BP Amoco's Canadian light oil production.
- 2002 During 2002 Penn West acquired a majority interest in the South Swan Hills light oil property in central Alberta. This acquisition and a number of smaller ones made in central Alberta during the first years of the new millennium bolstered the company's dominant position in the region. Beginning in 2002, Penn West began acquiring oil sands leases in the Peace River region of Alberta, in particular in the Seal Main, Seal North and Cadotte areas.
- 2005 In May 2005, the company completed its conversion into Penn West Energy Trust.
- 2006 Penn West moved to become an industry consolidator. In June 2006 the trust acquired Petrofund Energy Trust, increasing Penn West's production by more than forty percent and creating the largest conventional oil and gas trust in North America. The acquisition included interests in the Weyburn and Midale oil pools of southeast Saskatchewan and the Waskada oil pool of southwestern Manitoba.
- 2007 Penn West made a major acquisition of light and medium oil and natural gas liquids properties in the Peace River oil sands region and an adjoining area.
- 2008 In January 2008, Penn West acquired both Vault Energy Trust and Canetic Resources Trust.
- 2011 Penn West converted from an income trust to a corporate structure under the name Penn West Petroleum Limited at the beginning of 2011 due to the Canadian federal government removing the favourable income tax treatment enjoyed by income trusts.

PENN WEST: LARGE OIL & NATURAL GAS PRODUCER IN CANADA

2013 PRODUCTION



OIL & NATURAL GAS
LIQUIDS

63%

2013 Volume:

Light Oil 70%

Heavy Oil 18%

Natural Gas Liquids 11%



NATURAL GAS

37%

PENN WEST: LARGE OIL & NATURAL GAS PRODUCER IN CANADA

- Poor execution that resulted in stagnant and reducing production

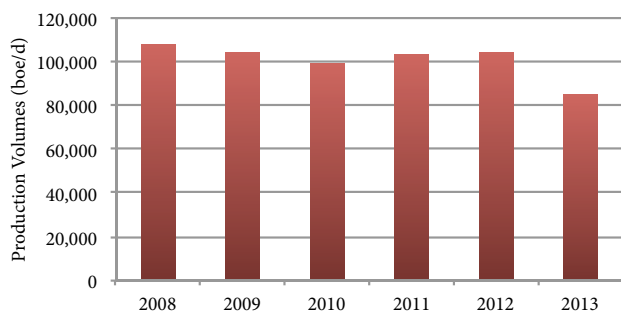


OIL & NATURAL GAS LIQUIDS

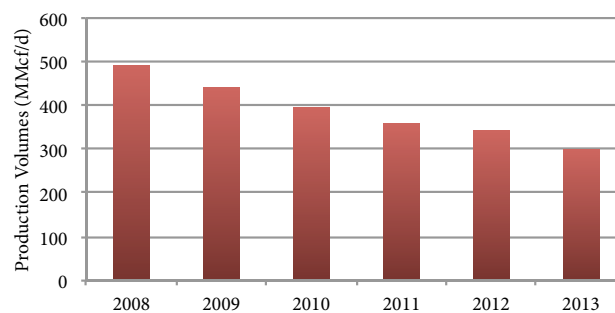


NATURAL GAS

Liquids Production Volumes

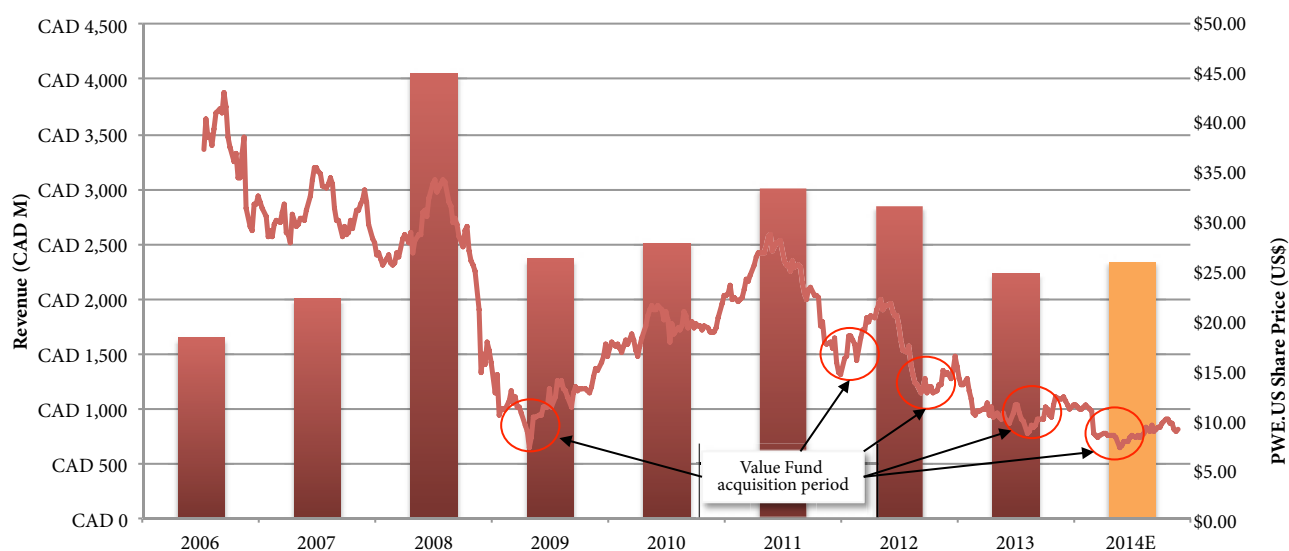


Natural Gas Production Volumes



PENN WEST: FIRST ACQUIRED DURING GLOBAL FINANCIAL CRISIS

- Strategy of growth through acquisitions in recent years
- Poor execution that resulted in stagnant production
- Difficulty in funding capital expenditure & dividends
- Penn West is currently the 10th largest position in Elevation Capital Value Fund (2.6% of NAV)
 - Average cost (excluding dividends received) = US\$ 10.67
 - Average cost (including dividends received) = US\$ 9.84



PENN WEST: 2013 A PIVOTAL YEAR – NEW MANAGEMENT INSTALLED

MAY

- In May, Penn West appointed two very prominent industry leaders to its board. Mr. Rick George (ex CEO of Suncor) was appointed as Chairman, and Mr. Allan Markin (ex Chairman of Canadian Natural Resources) as Vice-Chairman.

JUNE

- Mr. David Roberts (ex COO of Marathon Oil) was appointed as President and CEO
- A corporate strategic review was announced to consider all alternatives to increase shareholder value
- Quarterly dividend was halved from \$0.27 to \$0.14 per share to increase financial flexibility

JULY

- Mr. Allan Markin resigned from the board.

NOV

- The five-month review was completed
- Five-year turnaround plan was announced



Mr. Rick George
Chairman



Allan Markin
Vice-Chairman (resigned)



David Roberts
President and CEO

PENN WEST: INSIDER ACTIVITY

- Meaningful “insider” purchasing since new management installed and strategic plan announced
- Chairman Rick George bought CAD1.8M on the open market in 8 transactions (Average price ~CAD 9.06)
- CEO David Roberts CAD0.51M on the open market in 2 transactions (Average price ~CAD 8.86)
- Vice-Chairman (resigned) Allan Markin bought CAD3.8M on the open market in 2 transaction (Average price ~CAD10.40)



PENN WEST: THE FIVE YEAR PLAN

NEW DIRECTION

- Focused Portfolio
- Cardium, Viking, Slave Point
- Focus on highest return projects
 - Profitable Growth - Oil
- Target oil production CAGR 12.6%
- Target funds flow CAGR 18.7%
 - Cost Control
- Non-core Asset Rationalisation
- Improve operational/capital efficiencies
 - Capitalisation
 - Sustainable Dividend
 - Debt Reduction

NEW TARGETS

- Focus on the Balance Sheet
 - Target debt to funds flow ratio of 1.0-1.5x
 - Expected annual sustainability ratio of ~110%
- Focus the Portfolio
 - Target \$1.5-\$2.0B in asset sales by 2014
 - Capital program on average allocates 87% to new production adds
 - Operated development capital program 98% focused on three key areas
- Improve Costs & Netbacks
 - Cost leader in core plays
 - Target per barrel netbacks have CAGR of 10.6%
- Improve Capital Efficiency
 - Target best-in-play cost & recovery metrics
 - Anticipate >100% development replacement ratio annually
 - Target \$15-\$20 per boe operate development capital cost

PENN WEST: THE FIVE YEAR PLAN - FOCUS ON THREE KEY ASSETS

KEY ASSET #3

Slave Point

2P Reserves = 40MMboe

KEY ASSET #1

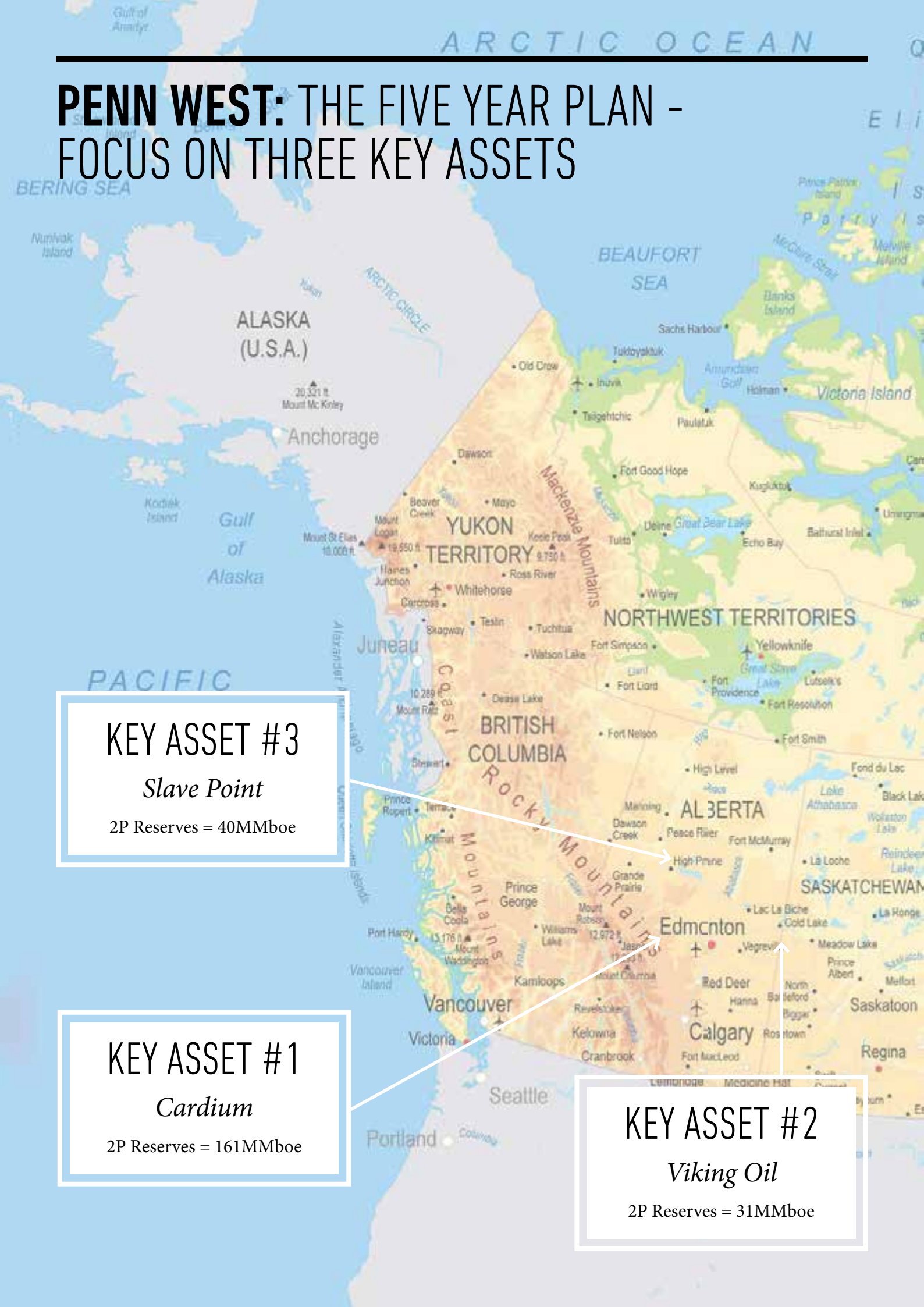
Cardium

2P Reserves = 161MMboe

KEY ASSET #2

Viking Oil

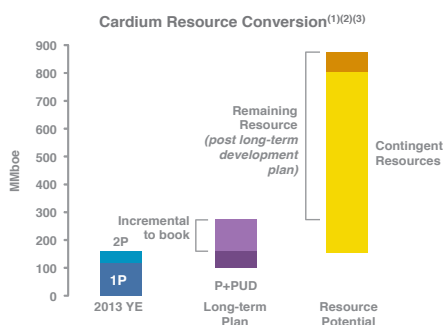
2P Reserves = 31MMboe



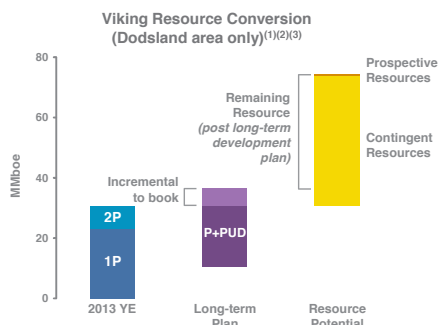
PENN WEST: THE FIVE YEAR PLAN - FOCUS ON THREE KEY ASSETS

- Highest return projects – Target: 98% of development capital spending
- Significant reserves upside potential from all three key assets

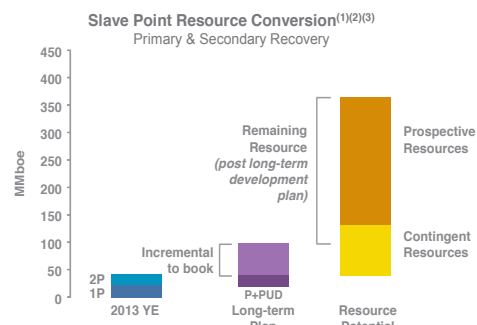
CARDIUM



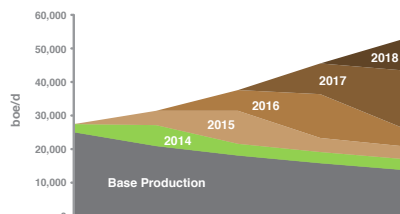
VIKING



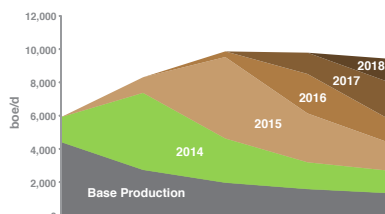
SLAVE POINT



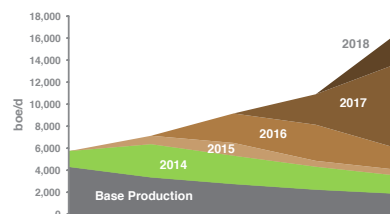
Cardium Production⁽¹⁾



Viking Production⁽²⁾



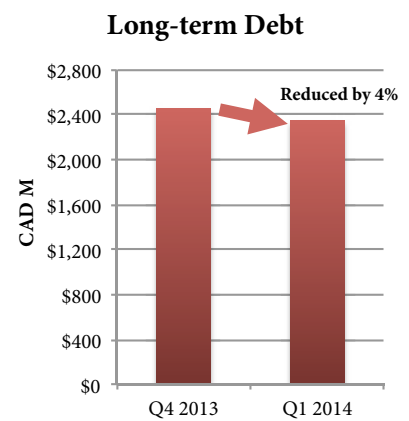
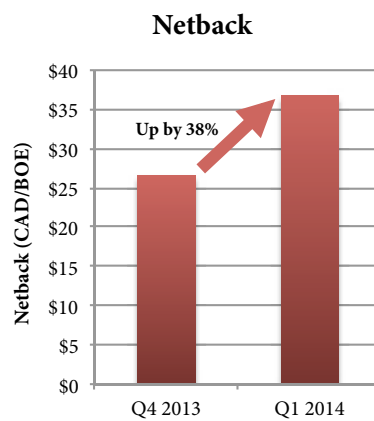
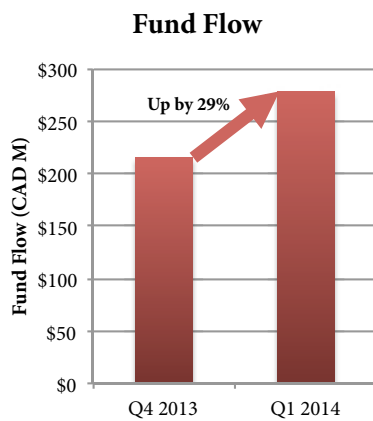
Slave Point Production⁽¹⁾



SOURCE FOR CHARTS: PENN WEST JULY 2014 CORPORATE PRESENTATION

PENN WEST: Q1 2014 RESULTS – PROGRESS & TRANSFORMATION OBSERVED

- Fund flow of CAD 279M (vs CAD 216M in Q4 2013)
- Netback* improved 38% to CAD 36.67/BOE (vs Q4 2013)
- Long-term debt reduced by 4% to CAD 2.35B (vs Q4 2013)
- All planned capital activities were completed at 89% budget
- Net disposition in Q1 = CAD 213M, part of the A&D strategy to sell CAD 1-1.5B of non-core assets in 2014



PENN WEST: DIVESTMENT PLAN

2013

PHASE 1

- Expected proceeds of ~CAD485M from non-core asset sales to close by year-end 2013

2014

PHASE 2

- Planned asset sales of CAD1-1.5B by year-end 2014
- Net disposition in Q1 = CAD 213M
- Peace River Oil Partnership, Cordova, Duvernay, select non-core producing assets

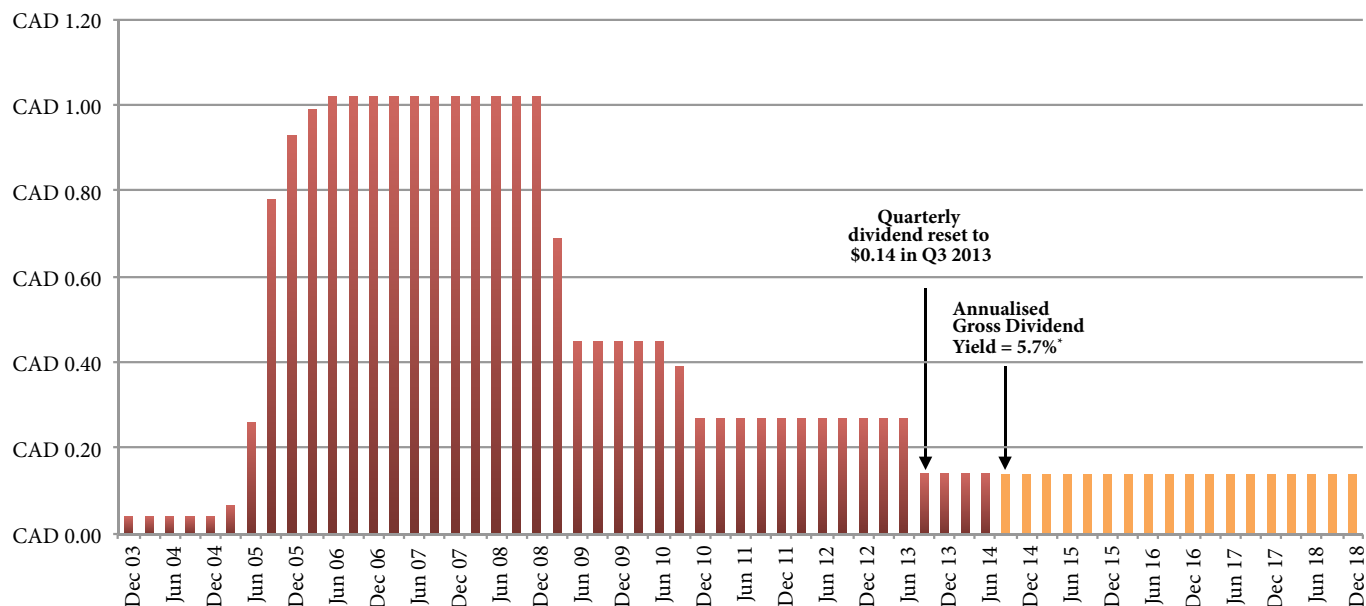
ONGOING

PHASE 3

- Ongoing non-core asset rotation
- Ongoing dispositions in Cardium, Slave Point and Viking

PENN WEST: CAPITAL RETURN VIA DIVIDENDS

Penn West Quarterly Dividend History and Forecast



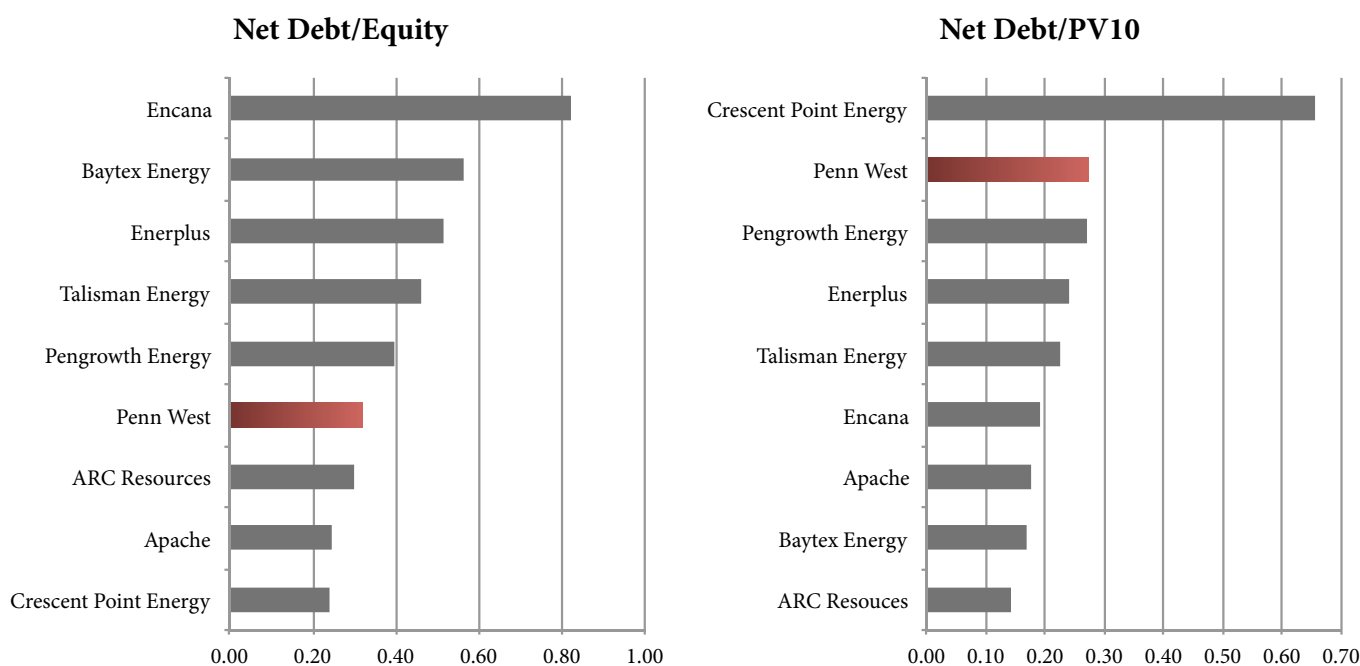
“Penn West also announces that its Board has approved a change to its dividend. Effective for its third quarter, Penn West’s quarterly dividend will be reduced to \$0.14 per common share from \$0.27 per common share. This measure will provide Penn West with increased financial flexibility, and a sustainable dividend, as it continues to improve operating performance.”

Penn West Announcement – 4 June 2013

* AS AT 22/7/2014, NET DIVIDEND YIELD = 4.8% (WITHHOLDING TAX = 15%)

PENN WEST: FINANCIAL LEVERAGE – NET DEBT/EQUITY, NET DEBT/PV10

- The company has lower financial leverage when compared to its peers* based on the Net Debt/Equity ratio (0.32x)
- The company has higher financial leverage to most of its peers based on its Net Debt/PV10** ratio (0.27x)



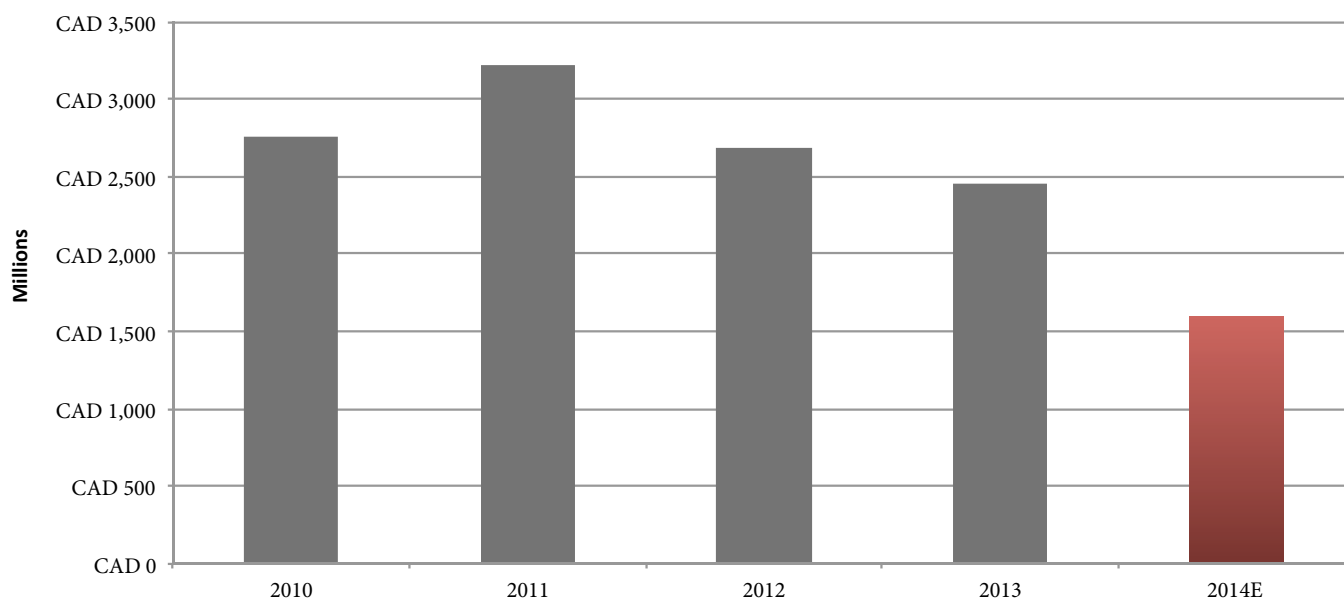
* NET DEBT DATA SOURCE: THOMSON REUTERS AS AT 10/7/2014

** PV10 IS THE OIL & GAS INDUSTRY STANDARD TO ESTIMATE FUTURE NET REVENUE (BEFORE DEDUCTION OF INCOME TAXES) ATTRIBUTED TO PROVED + PROBABLE RESERVES, ESTIMATED USING FORECAST PRICES AND COSTS AND CALCULATED USING A DISCOUNT RATE OF 10%

PENN WEST: FINANCIAL LEVERAGE - DEBT CAPITAL STRUCTURE & NOTE MATURITY

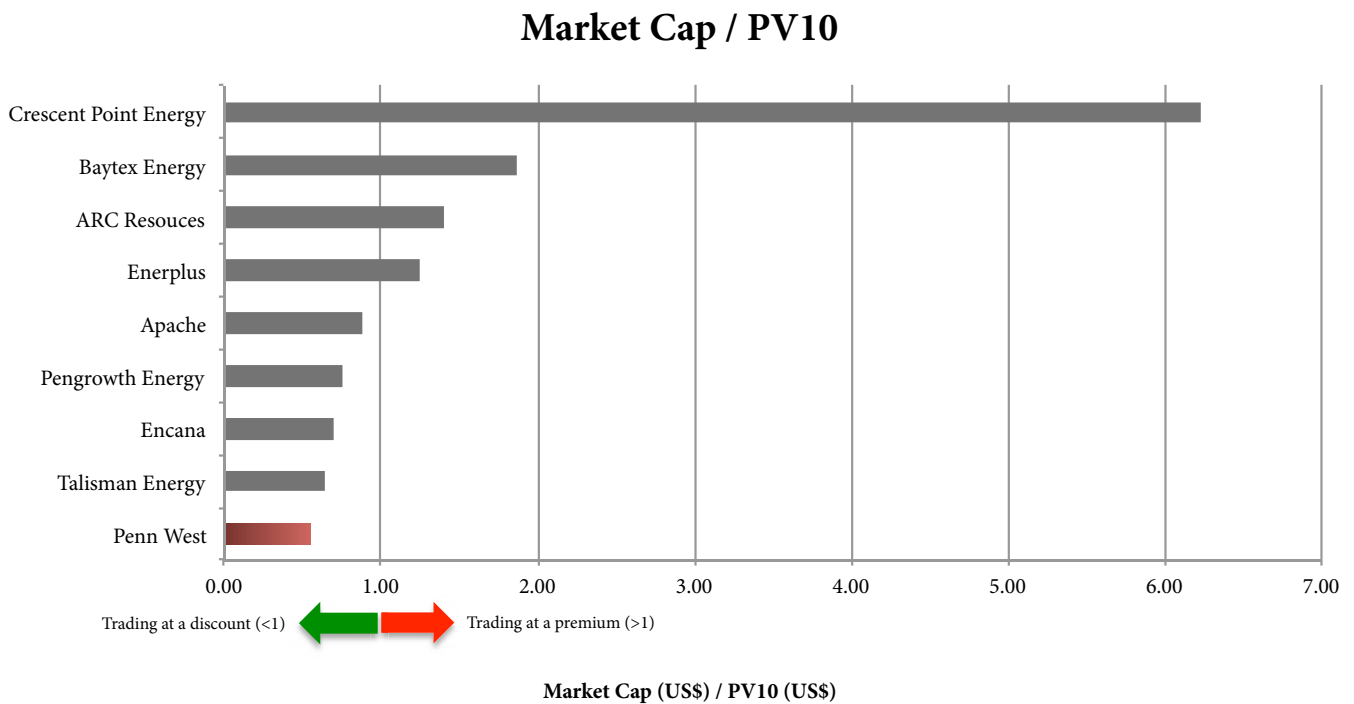
- Post ~CAD 2B in anticipated dispositions in 2014, total debt will be reduced to and managed at a target of ~CAD 1.5 – 1.7B
- Assumes bank debt capacity is used to repay notes as they become due. A potential alternative exists to refinance notes in the private market
- Penn West has a well balanced note maturity profile with amounts due reflecting only a small portion of anticipated funds flow in the respective years

Penn West Total Debt



PENN WEST: COMPARABLE COMPANIES – MARKET CAP / PV10

- PV10 is the oil & gas industry standard to estimate future net revenue (before deduction of income taxes) attributed to proved + probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10%
- We can use Market Cap / PV10 to determine the relative valuation rankings of oil & gas stocks
- The stock is trading at a significant discount based on this metric on both an absolute and relative basis



DATA SOURCE: LATEST FORM51-101F2 IN THE ANNUAL INFORMATION FORMS AND MARKET CAP DATA AS AT 9/7/2014

PENN WEST: COMPARABLE COMPANIES – TRADITIONAL METRICS

- The stock is trading at a discount to its peers, especially based on the P/B metric (0.6x vs 2.2x)
- The P/E (TTM) valuation is not available due to the negative earnings of CAD 838M for 2013 largely due to non-cash impairment charges recorded on certain natural gas assets due to limited planned development capital and lower estimated reserve recoveries on properties in Manitoba

VALUATION	P/E (TTM)	P/E (NTM)	PRICE / SALES (NTM)	EV / EBITDA (NTM)	PRICE / CF (NTM)	PRICE / BV (NTM)	DIV. YIELD (Latest)
Apache Corp	13.3x	13.6x	2.4x	4.3x	4.2x	1.0x	1.0%
ARC Resources Ltd	28.0x	22.8x	4.5x	9.5x	8.2x	2.7x	3.9%
Baytex Energy Corp	25.0x	17.7x	3.7x	8.1x	6.9x	2.8x	6.0%
Crescent Point Energy Corp	33.4x	32.1x	4.2x	8.0x	7.1x	2.1x	6.2%
Penn West Corporation	14.8x	12.3x	2.4x	4.8x	5.0x	2.4x	1.3%
Enerplus Corp	25.0x	19.1x	2.5x	6.0x	5.4x	2.4x	4.3%
Pengrowth Energy Corp	N/A	58.8x	2.3x	8.8x	6.0x	1.1x	7.4%
Talisman Energy Inc	319.4x	46.3x	1.8x	5.2x	4.2x	1.3x	2.7%
Penn West Petroleum Ltd	N/A	43.6	2.0x	6.5x	4.7x	0.6x	6.0%
Peer Group Median Average	25.0x	21.0x	2.5x	7.0x	5.7x	2.2x	4.1%

DATA SOURCE: THOMSON REUTERS EIKON AS AT 9/7/2014



PENN WEST: CHINA'S INTEREST IN NORTH AMERICA SHALE PLAYS

- Chinese state-owned firm CNOOC Ltd acquired Canadian oil and gas company Nexen Inc in February 2013 for US\$ 15.1B, which was China's single largest-ever successful overseas acquisition
- The deal was announced in July 2012, when the Henry Hub natural gas price was below US\$ 3.00
- Henry Hub natural gas price was below US\$ 2.00 just three months before the deal was announced
- The transaction gives us an idea of how much a knowledgeable party is willing to pay for the proved reserves (US\$ 19.94/BOE), or its daily production (US\$ 88,601/BOE)

Nexen Overview

Nexen is a Canadian-based upstream oil and gas company engaged in developing energy in several of the world's leading oil-rich basins

Company Overview

- Established in 1971
- Headquartered in Calgary and listed on the TSX and NYSE
- Approximately 3,000 employees
- Focused on three core businesses: conventional oil and gas, oil sands and shale gas
- Has interests in exploration, development and producing assets in Western Canada, UK North Sea, offshore Nigeria, Gulf of Mexico, Colombia, Yemen and Poland
- Current Net production: 207 mboe/d (Q2 2012)
- Net 1P Reserves: 900 mmboe ⁽¹⁾
- Net 2P Reserves: 2,022 mmboe ⁽¹⁾
- Contingent Resources (CR): 5.6 bn boe

Financial Statistics

Offer Consideration	
Common Share Purchase Price	US\$27.50
FDITM Equity Value	US\$14.9 BN
Preferred Shares at Offer	US\$0.2 BN
Plus: Net Debt ⁽²⁾	US\$2.8 BN
Implied Firm Value	US\$17.9 BN
Current Statistics	
2012 H1 EBITDA	C\$2.3 BN
2012 H1 Operating Cash Flow	C\$1.7 BN
Acquisition Metrics	
Price / LTM Operating Cash Flow	6.2x
Firm Value / LTM EBITDA	4.1x
Firm Value / 1P Reserves	US\$19.94/boe
Firm Value / 2P Reserves	US\$8.87/boe
Firm Value / 2012E daily production ⁽³⁾	US\$88,601/boe

Source: Nexen public disclosures; all reserves, resources and production figures shown in this presentation are under Canadian NI 51-101 standards unless otherwise specified
1. Under SEC standards.

Note: Based on shares, options and net debt as at June 30, 2012; CAD values converted to USD at 0.9687 (July 20, 2012 Bank of Canada noon rate).
2. Includes cash, debt and proceeds from in-the-money options at the offer price.
3. Based on midpoint of Nexen guidance.

PENN WEST: EXXON MOBIL'S ACQUISITION OF XTO ENERGY

- Exxon Mobil acquired XTO Energy in 2010 for US\$ 41B in an all-stock deal
- Based on EC calculation, Exxon Mobil acquired XTO Energy with the following acquisition metrics: EV/Proved Reserves = US\$ 17.47/BOE, and EV/Daily Production = US\$ 84,740/BOE

Dec. 14, 2009, 4:26 p.m. EST

Exxon Mobil to buy XTO Energy in \$41 billion deal Oil major makes big move to boost domestic energy production

By [Steve Gelsi](#), MarketWatch

NEW YORK (MarketWatch) -- [Exxon Mobil Corp.](#) announced Monday it struck a \$41 billion, all-stock deal to buy Houston-based [XTO Energy Inc.](#), placing a big bet on the future of the domestic natural gas market.

The acquisition, Exxon Mobil's biggest in a decade, sparked widespread investor speculation that the energy sector could be poised for a new round of consolidation as its biggest players vie for independent producers pinched by low gas prices. [Read commentary about Exxon Mobil pouncing on gas.](#)

The transaction value includes \$10 billion of existing XTO debt and is based on Friday's closing share prices of Exxon Mobil [XOM +1.35%](#) and XTO .

Exxon Mobil has agreed to issue 0.7098 of a share of common stock for each common share of XTO. The deal represents a 25% premium to XTO stockholders.

PENN WEST: VALUATION BASED ON HISTORIC ACQUISITION MULTIPLES

- To be conservative, we use the Exxon Mobil / XTO Energy acquisition multiples to calculate Penn West's potential acquisition value as they are lower than the CNOOC/NEXEN acquisition multiples

	Exxon Mobil / XTO Energy Transaction	CNOOC / NEXEN Transaction
EV/Proved Reserves	US\$ 17.47/BOE	US\$ 19.94/BOE
EV/Average Daily Production	US\$ 84,740/BOE	US\$ 88,601/BOE

- Based on the Exxon Mobil / XTO Energy acquisition multiples, we estimate the fair value of Penn West is between US\$ 10.43 and US\$ 13.53 on a per share basis
- We suggest a fair value that lies close to the middle of the two valuations. We consider the risk of the valuation is to the upside as the company continues to improve its cash flow, reduce debt levels, and the US economy continues to slowly improve

	Based on proved reserves = \$17.47/BOE	Based on daily Production = \$84,740/BOE
Intrinsic Value Estimate	US\$ 10.43	US\$ 13.53
Share Price (23/7/2014)	US\$ 9.19	US\$ 9.19
Discount to Intrinsic Value Estimate	12%	32%
Upside Potential	14%	47%



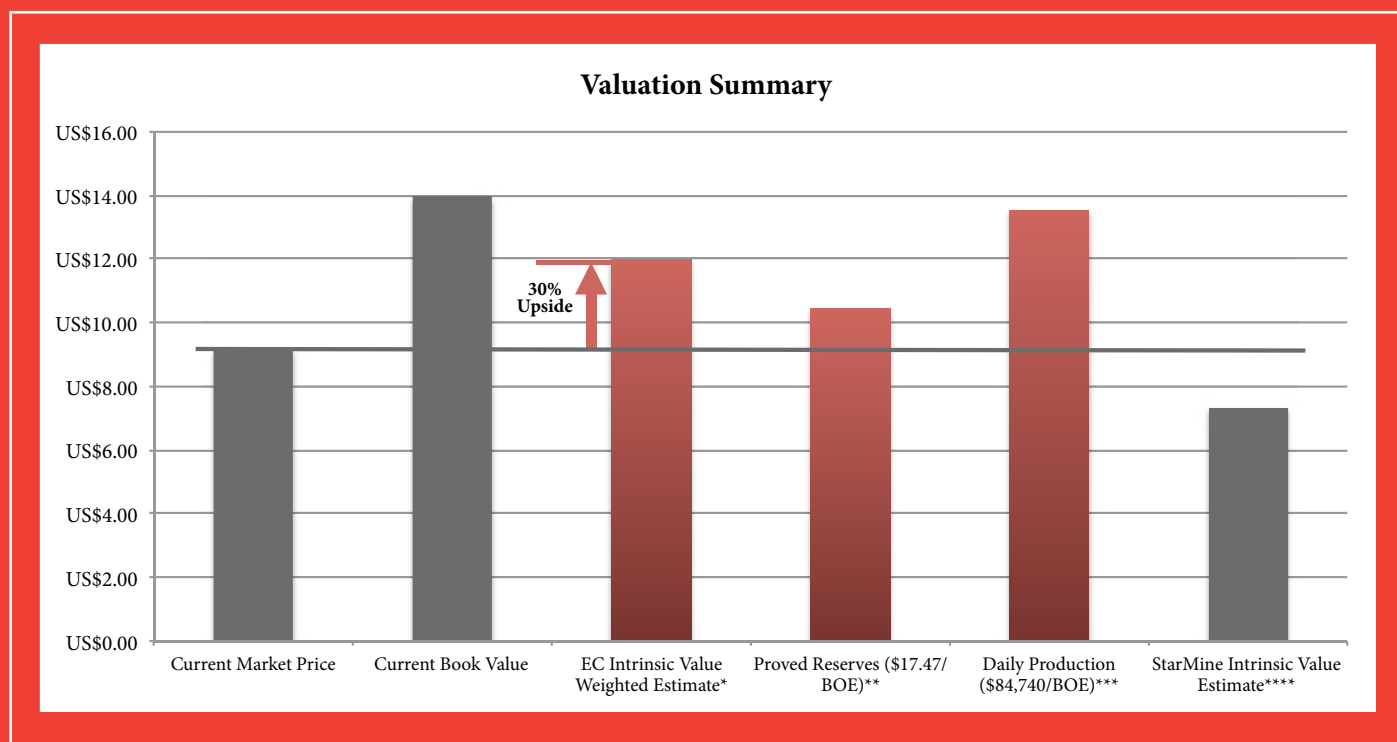
PENN WEST: ELEVATION CAPITAL'S VALUATION

Elevation Capital Estimated
Intrinsic Value Range:

US\$ 10.43 -
US\$ 13.53
PER SHARE

Upside / Downside Potential Range:

+14% - +47%



* EC INTRINSIC VALUE WEIGHTED ESTIMATE IS BASED ON THE AVERAGE OF PROVED RESERVES VALUATION AND DAILY PRODUCTION VALUATION

** BASED ON EC ADJUSTED PROVED RESERVES AS AT 31 DECEMBER 2013

*** BASED ON COMPANY FORECAST 2014 DAILY PRODUCTION IN THE JULY 2014 CORPORATE PRESENTATION

**** DATA SOURCE: THOMSON REUTERS AS AT 24/7/2014

PENN WEST: KEY RISKS

COMMODITY PRICE RISKS

- The supply and demand of crude oil and natural gas in North America (both short-term and long-term) are affected by many macroeconomic, technological, regulatory and political factors and has been highly cyclical in the past
- Fluctuations in commodity prices for natural gas, crude oil and power affects future cash flows. The company uses various derivative financial instruments to partially mitigate these commodity price risks which could prove ineffective

OPERATIONAL RISKS

- There is still some risks that the management will not be able to execute according to their five-year turnaround plan

FINANCIAL RISKS

- The company has to continue to improve cash flow and manage its debt levels so it can achieve its target debt levels of 1.0-1.5x its cash flow in 2016



PENN WEST: ELEVATION CAPITAL'S VIEW

CHANGE WAS REQUIRED

- Daily production has declined for the past ten quarters (Q4/11-Q1/14)
- Cash flows weren't enough to support sustainable dividends, capex and boosting reserves

2013: NEW MANAGEMENT, REVIEW STRATEGY

- New Chairman Mr. Rick George and new CEO Mr. David Roberts have proven track records & expertise within the sector
- The five-month strategic review suggests that the best way to maximise shareholder value is not to sell the company, but to generating value from existing assets with a focus on selected high return assets, managing cash flow and reducing debt levels
- Quarterly dividends reduced from CAD 0.27 to CAD 0.14
- Reduced workforce by 25% in 2013

2014Q1: PROGRESS ON FIVE-YEAR PLAN

- Focused Capex on three high return assets
- Divested Non-Core Assets (~CAD 213M)
- Reduced long-term debt by 4% to CAD 2.35B
- Assume quarterly dividend set at CAD 0.14 until the end of the five-year plan execution
- Q1 fund flow up 29% vs Q4 2013
- Q1 netback improved 38% vs Q4 2013

MARGIN OF SAFETY

- High quality assets with significant potential for incremental inventory from future appraisal
- Higher quality management with proven track record
- Portfolio optionality in oil and natural gas
- Favourable macroeconomic tailwinds
- Share price trading at a discount (+20%) to our conservative Weighted Intrinsic Value Estimate that has risk to the upside

PENN WEST: CONCLUSION

- CONCLUSION
 - High quality assets and now Improved Management
 - Leading position in light oil resource plays in Western Canada with significant contingent resources
 - New leadership led by the Chairman Mr. Rick George, and CEO David Roberts
 - Operation and capital efficiencies are eminently achievable
 - Management's open market share purchases suggest value and margin of safety in the share price at current levels
- VALUE CREATION
 - Improved capital allocation should create value to investors both in the short term and long term
 - Macroeconomic tailwind should improve margins
 - Potential value creation from the company's vast contingent resources with new technologies and future appraisals
 - The stock is likely to be re-rated upward when the turnaround is truly in progress, and when the debt levels are reduced more substantially
 - Upside potential = +30% from current price of \$9.19* based on conservative Elevation Capital Weighted Intrinsic Value Estimate
- OTHER POTENTIAL CATALYST – KEYSTONE XL PIPELINE PROJECT
- GROSS DIVIDEND YIELD = 5.6% -> GET PAID TO WAIT!

PennWest
Exploration

ELEVATION CAPITAL MANAGEMENT LIMITED

PENTAL LIMITED [PTL:AU]

Research Presentation released in June 2014



PENTAL LIMITED: THE LARGEST MANUFACTURER OF SOAP IN AUSTRALIA

- Pental offers products in Household Cleaning, Laundry Care, Personal Care, Fire Needs, Oral Care and Dish Washing
- Revenue split: 84% Australia & 16% New Zealand
- Has been through a major restructuring after 2012
- Emerged from the restructure with a renewed focus on the consumer goods business after divestment of chemical production business



PENTAL LIMITED: EARLY HISTORY

- 1954 Pental Limited was established
- 1983 Incorporated as Pental Soap
- 2003 Acquired by the publicly listed Symex Holdings Limited
- 2004 Acquired the rights to manufacture and distribute Huggie, Close Up, AIM, Softly, Velvet, Sunlight, Lux, and Knights Castile for the Australian, NZ and the Pacific Islands region from Unilever
- 2006 Purchased Jiffy and Little Lucifer from Reckitt Benckiser
- 2011 Purchased Janola and White King from Sara Lee



PENTAL LIMITED: A STORY OF TRANSFORMATION*



2012

*Consumer Goods
Chemical manufacturing
focused on consumer goods
Non-core businesses
Debt laden*

2013

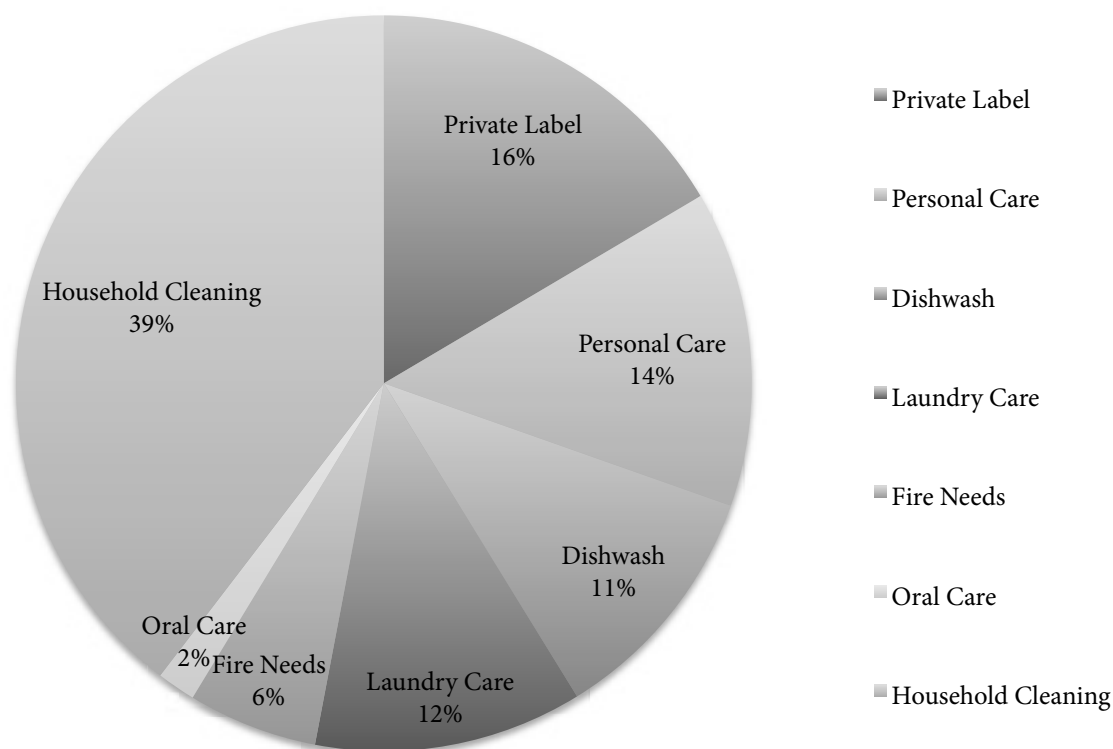
*Focused on Consumer Goods
Low Debt*

*REFER TO APPENDIX ONE FOR FURTHER DETAILS

PENTAL LIMITED: A PORTFOLIO OF ICONIC BRANDS

Consumer goods manufacturer with iconic Australian and New Zealand brands

- Focus on consumer goods
- Strong brand recognition
- Strong market positions
- Private Label increasingly important



PERSONAL CARE	DISHWASH	LAUNDRY CARE	FIRE NEEDS	ORAL CARE	HOUSEHOLD CLEANING
   		   	 	 	 

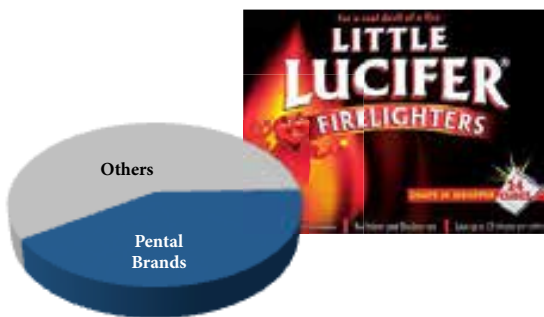
PENTAL LIMITED: STRONG MARKET POSITIONS



Bleach - Pental Brands
Market Share = 80%



Wool Wash - Pental Brands
Market Share = 58%



Firelighters - Pental Brands
Market Share = 41%



Dishwash NZ - Pental Brands
Market Share = 22%



Bar Soaps - Pental Brands
Market Share = 13%

PENTAL LIMITED: BRAND ACQUISITION HISTORY

2004

Pental purchased the permanent rights to manufacture and distribute Softly, Velvet, Sunlight, Lux and Knights Castile for the Australia, New Zealand and Pacific Island region from Unilever for AU\$ 32M



2004

Pental purchased the full and permanent right to manufacture and distribute Huggie, a fabric softener and Close Up and AIM, toothpaste brands, in Australia, New Zealand and the Pacific Islands from Unilever for a reported AU\$ 3M



2006

Pental purchased all rights associated with Little Lucifer and Jiffy firelighter brands in 2006 from Reckitt Benckiser (Price not disclosed)



2011

Pental purchased all rights associated with Janola and White King bleach from Sara Lee Corporation in 2011 for AU\$ 50.1M



2013

Pental entered an agreement with Unilever India to distribute Pears soap bars, shower gel and wash products in Australia and New Zealand. The agreement with Unilever India lasts for three years, ending January 2016

Pears



PENTAL LIMITED: IMPROVING FINANCIALS

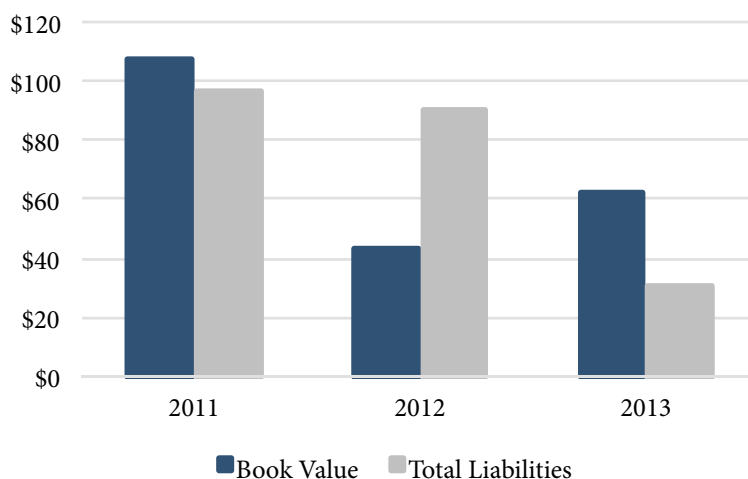
BALANCE SHEET

- Positive developments in terms of debt reduction
- Book Value has increased since the write-offs of 2012

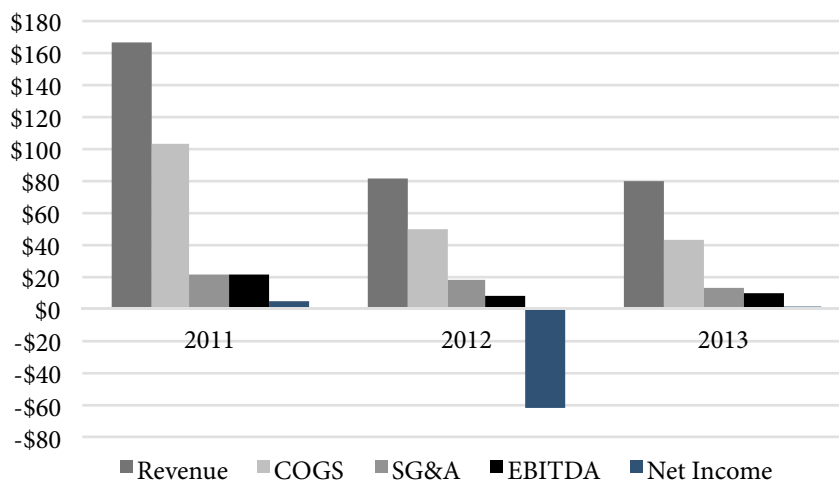
INCOME STATEMENT

- Interest savings resulting from debt reduction will likely be reflected in higher net income
- COGS has decreased significantly as a percentage of sales because of the sale of the chemicals business

Book Value vs Total Liabilities (AU\$ M)

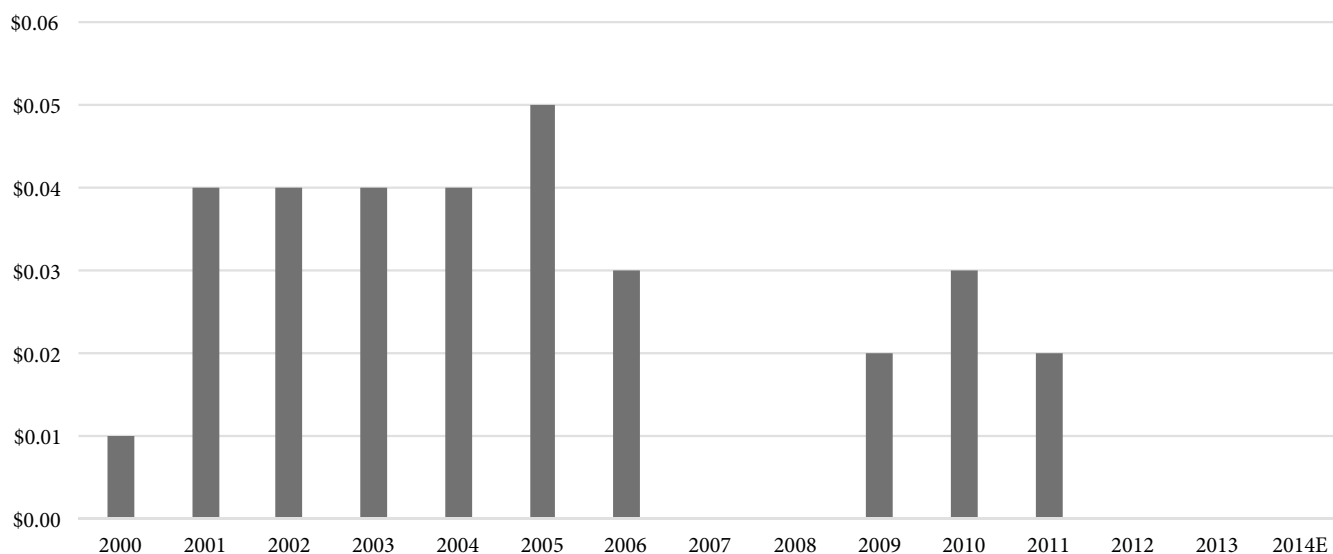


Revenue, Costs and Profits (AU\$ M)



PENTAL LIMITED: DIVIDEND REINSTATEMENT POSSIBLE IN FY2015

Pental Dividend History



“With the success of the business turnaround strategy to date, assuming continuation in the current financial performance and market conditions in the second half, and barring other unforeseen circumstances, the board will evaluate the payment of dividends on completion of the 2014 financial year.”

Pental FY2014 Interim Report

PENTAL LIMITED: COMPARABLE COMPANIES

- Favourable metrics when compared to companies operating in the same sector globally

	TTM P/E	PRICE / SALES	EV / EBITDA	PRICE / CF	PRICE / BV	DIV. YIELD
Aceto	17.8x	0.9x	NA	NA	NA	1.4%
Bunzl	20.4x	0.9x	13.6x	18.7x	5.2x	1.9%
Church & Dwight	23.6x	2.8x	12.5x	16.9x	4.3x	1.8%
Clorox	20.4x	2.0x	11.2x	15.0x	70.5x	3.4%
Colgate Palmolive	23.0x	3.4x	13.4x	18.3x	34.8x	2.2%
Henkel	18.1%	2.0x	10.9x	16.9x	2.7x	1.4%
Johnson & Johnson	17.8x	3.8x	10.2x	13.9x	3.3x	2.8%
Procter & Gamble	19.3x	2.5x	12.1x	14.5x	3.2x	3.2%
PZ Cussons	19.8x	1.7x	10.7x	27.1x	2.5x	2.2%
Reckitt and Benckiser	19.1x	3.7x	13.9x	17.6x	4.9x	2.7%
Unilever	20.1x	0.8x	12.9x	15.0x	5.4x	3.4%
Vinda International Holdings	20.8x	1.4x	11.6x	11.3x	2.2x	1.4%
Pental	10.3x	0.8x	5.9x	NA	0.9x	0.0%
Peer Group Median Average	20.0x	2.0x	12.1x	16.9x	4.3x	2.0%

*As at 31/5/2014



PENTAL LIMITED: ELEVATION CAPITAL'S VALUATION

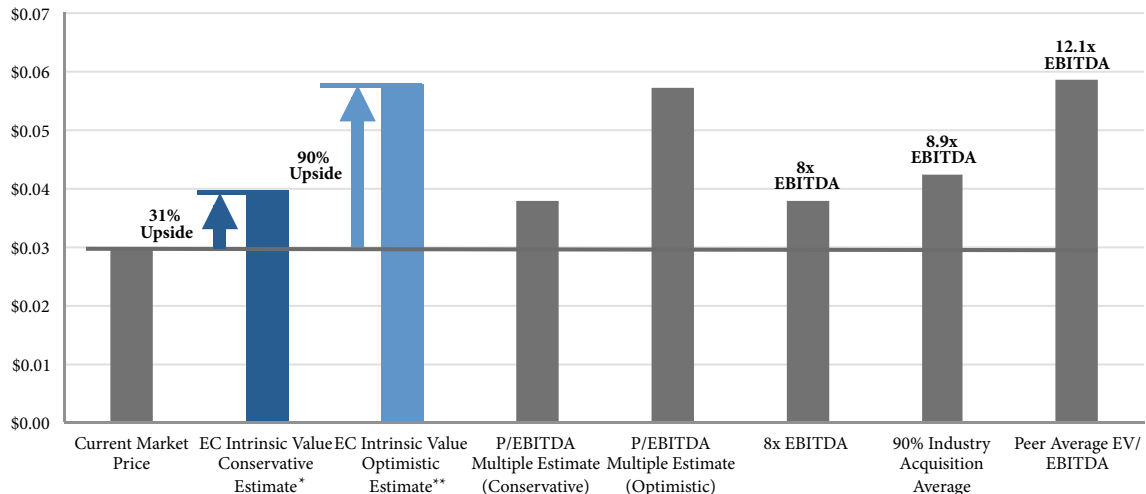
Elevation Capital Estimated
Intrinsic Value Range:

AUS\$ 0.039
- AUS\$ 0.057
PER SHARE

Upside / Downside Potential Range:

31% - 90%

Valuation Summary (AUS\$)



* THIS INTRINSIC VALUE ESTIMATE IS BASED ON AN AVERAGE OF P/EBITDA MULTIPLE ESTIMATE (CONSERVATIVE), 8x EBITDA AND 90% INDUSTRY ACQUISITION AVERAGE

** THIS INTRINSIC VALUE ESTIMATE IS BASED ON AN AVERAGE OF P/EBITDA MULTIPLE ESTIMATE (OPTIMISTIC) AND PEER AVERAGE EV/EBITDA

PENTAL LIMITED: ELEVATION CAPITAL'S VIEW

TURNAROUND IN PROGRESS

- In 2012, Pental had expanded beyond its core competencies
- Debt accrued through attempting to achieve growth through acquisition and through maintaining the loss making chemicals business nearly proved fatal for Pental
- We believe that new management have done a commendable job of bringing Pental back from the brink
- In our opinion, Pental is in a well poised to take advantage of its strong brands and dominant market share in the consumer products' space
- Pental's balance sheet has strengthened. We expect the benefits of the debt reduction to flow through to the income and cash flow statements in the next 12 months
- Private Label manufacturing has increased and we expect this to remain a growth area

MARGIN OF SAFETY

- Reasonable discount (24%-48%) to our Intrinsic Value estimates
- Strong market positions and Key Brands
- Trusted brands with end consumers
- Unleveraged balance sheet (Taking into account both property repurchase and investment in plant)



PENTAL LIMITED: KEY RISKS

CASH FLOW

- High levels of accounts receivable and management of these going forward
EC Comments: Pental's response to EC enquiry trading terms were normal and other options have been explored and were concluded not cost effective – See Appendix Two for additional information

MARGIN PRESSURE

- Margin pressure due to competition in the sector and retailer and supermarket market power
EC Comments: Limited downside risk in margins due to strong brands/market positions and improving economies of scale

AUSTRALIA

- Macroeconomic conditions difficult in Australia
EC Comments: Likely to remain difficult in the short to medium term but these are household staple products which should mitigate demand impact

ENVIRONMENTAL LIABILITY

- Environmental liability from Port Melbourne site:
*“On 29 January 2014, the Pollution Abatement Notice (PAN) was revoked by the environmental Protection Authority (EPA) following the EPA's appointed auditor recommendation that no further work or remedial action be required to be undertaken by the Company on its former Port Melbourne site.”**
- Potential environmental liability from Shepparton manufacturing site:
*“In relation to the Shepparton manufacturing site, work has commenced on the removal of the diesel underground storage tanks (UST), with further testing to be completed once the UST/lines have been removed.”**
EC Comments: Pental's response to EC enquiry was there was conclusively no Environmental Liability for either site – See Appendix Two for additional information



PENTAL LIMITED: CONCLUSION

CONCLUSION

- Using conservative estimates we believe that there is approximately 31% upside from Pental's current share price
- Using the upper range of our estimates we believe there is as much as 90% upside from Pental's current share price
- We believe Pental trades at a significant discount to its peers when using comparable multiples as a valuation method. The market has been slow to react to its renewed focus, this is partially a function of the company's small size (~AU\$ 55 M Market Cap) and subsequent lack of research coverage and market attention
- In time, as the benefits of cost reductions (interest costs, etc) flow through, we believe Pental will reinstitute a dividend which will be more inkeeping with most other companies within the FMCG sector globally
- A renewal of a dividend will see Pental come back on the radar screen of an increased number of institutional investors
- A share consolidation post option conversion would also be well received and positive for existing shareholders in our view
- There is also the possibility that Clorox (or another party) comes along and acquires Pental. In our view, it makes the most sense for Clorox given the bleach market position/s, but equally, we would not rule out Unilever looking to potentially re-acquire key brands as they have been rebalancing their portfolio in other parts of the world





APPENDICES

APPENDIX ONE: PENTAL LIMITED 2012 VS 2013



2012



2013

A bad year for Symex/Pental shareholders

- The Company declared a net loss of AU\$ 60.67M
 - Impairment of Goodwill of AU\$ 49.5M
 - Impairment of Property, Plant and Equipment of AU\$ 8.8M
- Debt of AU\$ 59.7M = ~10x EBITDA, Debt/Equity = 1.48x
- The Company entered a debt restructuring arrangement with its bank (ANZ)
- Specialty chemical business which had been operating at a loss because of increased costs and competition is discontinued

Emerged Refocused and Rejuvenated

- Symex Holdings Ltd changed its name to Pental Limited
- The sale of real estate and non-core businesses to reduce debt
 - Equity capital raised
 - Renewed focus on Private Label manufacturing
- NZ market picks up speed resulting in higher sales and the reversal of 2012 write down of Janola
- ANZ writes off AU\$ 10M of debt
 - Debt/Equity falls to 0.22x

APPENDIX TWO:

QUESTIONS TO PENTAL'S CFO (26/6/2014)
& PENTAL'S CFO RESPONSE'S (27/6/2014)

QUESTION: ENVIRONMENTAL LIABILITIES

ELEVATION CAPITAL QUESTION:

Re: The 'environmental liability', arising from the Environmental Protection Authority's inspection of the Port Melbourne and Shepparton sites. We note the following statement in the most recent Directors Report "On 29 January 2014, the Pollution Abatement Notice (PAN) was revoked by the Environmental Protection Authority (EPA) following the EPA's appointed auditor recommendation that no further work or remedial action be required to be undertaken by the Company on its former Port Melbourne site."

"In relation to the Shepparton manufacturing site, work has commenced on the removal of the diesel underground storage tanks (UST), with further testing to be completed once the UST/lines have been removed."

What progress has been made since this release in terms of testing of the Shepparton site? Do you foresee any further costs or litigation arising from these investigations? If so, what is the potential extent of the liability resulting from the environmental damage at the site/s?

PENTAL RESPONSE:

In conjunction with the sale of the Shepparton site in the 2013 financial year, an environmental audit was conducted on the underground storage units (UST) which highlighted potential contamination; however further testing was required once the UST/lines were removed. Following the removal of the unused UST during the financial year, an independent assessment of the site on 16 April 2014 concluded that the site was suitable for continued commercial / industrial land use and no further remedial work was required.

Furthermore, on 29 January 2014, the Pollution Abatement Notice (PAN) issued in January 2013, was revoked by the Environmental Protection Authority (EPA) following the EPA's appointed auditor recommendation that no further work or remedial action be required to be undertaken by the Company on its former Port Melbourne site.

These two matters have been closed.

QUESTION: CASH FLOW

ELEVATION CAPITAL QUESTION:

Re: Cash flow. We note that accounts receivables are high for Pental and we are aware this is often the case for businesses in the FMCG sector. However, we note that, at 56% of current assets, Pental's accounts receivable balance is significantly above the industry average of 35% of current assets (refer page three for our reference data set). We understand the dynamics involved in dealing with large supermarkets which lack competition. However, we would appreciate some colour to provide an understanding of what actions Pental management are seeking to undertake in order to increase cash flow and reduce receivables outstanding. Are you able to negotiate with retailers (supermarkets) to reduce your average inventory outstanding or generally decrease the level of accounts receivable? Other than decreasing capital expenditure, what are your options for improving Pental's current cash flow position?

PENTAL RESPONSE:

Our trading terms with the major accounts (Coles, Woolworths and Metcash) are based on the normal payment terms with settlement discount being offered in our market. Earlier payment terms have been explored, however they are not cost effective.

The other matter to note, is that the debtors are gross (ie before trade spend accruals) which is disclosed as part of creditors. This may be different compared to the other companies. Applying debtors net of trade spend methodology to current assets, the rate comes down to 48%.

Working capital position has been marginally improved as we have aligned creditor terms with receipt terms as much as possible, furthermore some minor savings are being made around inventory management and collection of overdue accounts.

QUESTION: DIVIDENDS

ELEVATION CAPITAL QUESTION:

Re: Dividends. We note from the 2014 Interim Results Presentation that the Board plans to assess the payment of a dividend, contingent on the continuation of financial performance, market conditions and barring unforeseen circumstances. To the extent that you can, please provide some insight regarding the likelihood of dividend payment and what an investor might look for as a trigger point in this regard?

PENTAL RESPONSE:

As previously indicated, dividends will be considered by the Board once the 29 June 2014 result has been finalised. Considering one of our major shareholders is on the Board, the decision to pay dividends will be on the agenda.

QUESTION: BALANCE SHEET & LEVERAGE

ELEVATION CAPITAL QUESTION:

We are a balance sheet focused investor and Pental's balance sheet has seen significant improvement since 2012. Do you anticipate any significant increase in debt levels or changes to the balance sheet this year? We note the following statement in the 2014 1H Presentation – “3 year strategic plan includes exploring new bolt on opportunities”, assuming this refers to new acquisitions, how aggressive will Pental be in pursuing these opportunities in terms of leverage? On balance would you say that your growth outlook will be driven more by further acquisitions or organic growth?

PENTAL RESPONSE:

As at 29 December 2013, net debt was down to \$4.7m, however as disclosed in the Piggy Back Option Prospectus the business will be undertaking a number of capital projects. These have not all commenced, in particular high speed liquid line project will occur over 2014/2015, which will be a significant capital investment. Furthermore, due to the under capital investment in the prior years, the business will need to continue to make significant capital investments over the next 3 years. Assuming the Piggy back options are partly exercised and based on its operating cash flows the business has adequate funding to meet these requirements and to make sustainable dividends.

The business is also actively seeking acquisition opportunities and depending on the size of the acquisition (which may be a mixture of small and large businesses), it will undertake these acquisitions with a mixture of debt and equity. The target gearing for the company is 40%.

QUESTIONS TO PENTAL'S CFO: ELEVATION CAPITAL'S COMMENTS

ENVIRONMENTAL LIABILITY

- We're satisfied with Mr Zago's assertion that these matters have been closed

CASH FLOW

- Elevation Capital appreciates the position in which Pental finds itself regarding terms of trade with the large retailers (Coles, Woolworths and Metcash). However, we do note that despite the adjustments made by Mr Zago for 'net of trade spend', Pental's accounts receivable still represent 48% of current assets. Significantly above the industry average of 35%. We will continue to monitor Pental's cash flow statement closely

DIVIDENDS

- Mr Zago's statement reflects our view that management and the Board of Directors are giving the payment of dividends serious consideration
- Additionally, as Mr Zago points out Mr Alan Johnstone is on the board and owns approximately 32% of the company (as at 31 March 2014), in all likelihood would like to see the resumption of dividends

BALANCE SHEET / LEVERAGE

- Considering the trouble which Pental has experienced in the past, largely, in our view, related to acquisitions and the resulting debt, we feel organic growth is a preferable growth strategy. However, we also believe that 40% is an appropriate gearing ratio and will be vigilant in watching that this target is maintained

ELEVATION CAPITAL MANAGEMENT LIMITED

POST HOLDINGS, INC [POST:US]

Research Presentation released in January 2014





POST HOLDINGS: A LONG STORIED HISTORY

- 
- 1885 Postum Cereals Company founded by C.W. Post
 - 1925 Acquired Jell-O gelatin
 - 1927 Acquired Baker's chocolate
 - 1928 Acquired Maxwell House coffee
 - 1929 Acquired General Foods Company
 - 1929 Changes name to General Foods Corporation
 - 1985 Acquired by Philip Morris Companies
 - 1989 Philip Morris merged General Foods with Kraft Foods to form the Kraft General Foods division
 - 1995 Kraft General Foods renamed Kraft Foods
 - 2008 Post Cereals spun off from Kraft and merged with Ralcorp Holdings as Post Foods, LLC.
 - 2012 Post Foods unit spun off from Ralcorp as Post Holdings, Inc. and listed on NYSE (7 February)

POST HOLDINGS: BUILT OVER THE LAST 17 YEARS

- Stable staples



1897



1925



1937



1984



2000



2013

FUTURE?

POST HOLDINGS: LONGEVITY VS FAD

Kodak

 **myspace.com**
a place for friends

RCA

 **pets.com**

**AOL**

 **Polaroid**

**DELL**





OWNS A
NUMBER OF
RECOGNISED
BRANDS

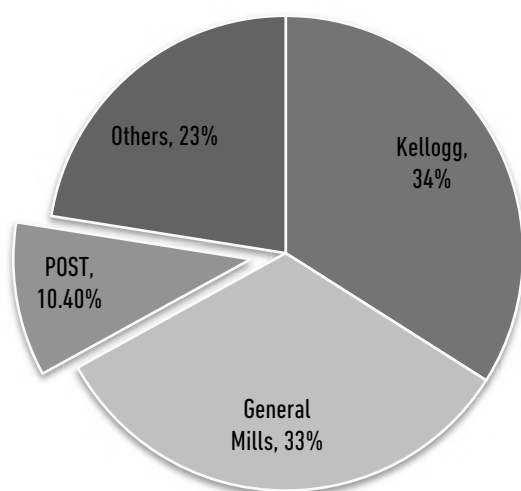
POST HOLDINGS: GRAPE-NUTS® REINVENTION



POST HOLDINGS: #3 PLAYER IN THE US

- Third-largest cereals business in the US (10.4%)
 - #1 Kellogg, #2 General Mills, #4 Quaker Oats (PepsiCo)
 - The US Ready-To-Eat (RTE) Cereal industry has approximately 92% household penetration
 - Scale and brands provide a large barrier to entry
- Post's domestic market share declined from approximately 12.2% in FY09 to 10.4% today
 - This was due to a "broken network" that caused "significant disruption to business" under Ralcorp management prior to spin-off
 - Despite this poor performance, Post's cereal business remains highly cash generative

US CEREAL MARKET* (USD 10 BILLION)



*AS AT 30 SEPTEMBER 2013

POST HOLDINGS: HISTORICAL FINANCIALS DON'T TELL THE FULL STORY

	POST	Kellogg	General Mills
Share Price*	\$47.33	\$60.43	\$49.91
Market Cap*	\$1.5B	\$21.9B	\$31.7B
Gross Margin*	39.6%	37.2%	35.6%
Operating Margin*	10.4%	10.9%	15.6%
Net Margin*	3.0%**	6.7%	9.8%
ROA*	0.9%**	7.7%	9.2%
ROE*	2.1%**	37.8%	26.2%
Net Debt / Equity*	0.67x	2.51x	1.10x
P/B*	1.05x	7.72x	4.66x

* DATA SOURCE: THOMSON REUTERS AS AT 16 DECEMBER 2013 – POST AS AT 30 SEPTEMBER 2013, KELLOGG AS AT 28 SEPTEMBER 2013 AND GENERAL MILLS AS AT 25 AUGUST 2013

** BASED ON ADJUSTED NET EARNINGS OF \$31.1M REPORTED BY POST AS AT 30 SEPTEMBER 2013

POST HOLDINGS: TRANSFORMATION

*“POST is transforming from a low growth single category participant to a consumer products holding company, operating in center-of-the-store, active nutrition and private label categories.”**

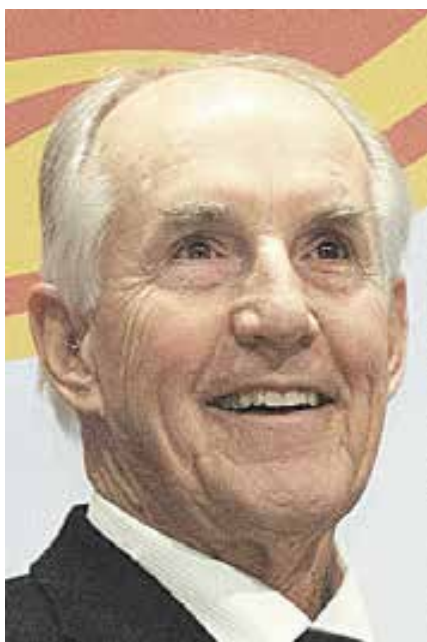


* FROM POST 2013 ANNUAL REPORT (PAGE 4)

POST HOLDINGS: LED BY AN EXCEPTIONAL CEO

“He’s probably among the best moneymakers of the past 30 years... He’s a Warren Buffett-like character, but stays out of the limelight.”

- John Mcmillin (Prudential Securities)



Bill Stiritz (CEO)*

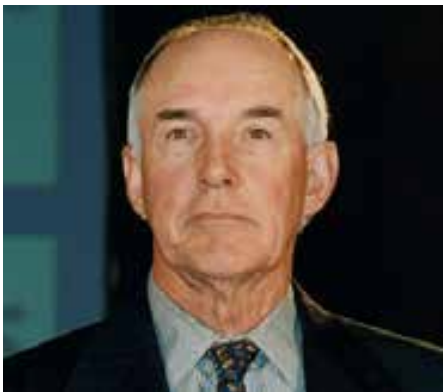
8 UNCONVENTIONAL CEOS &
THEIR RADICALLY RATIONAL
BLUEPRINT FOR SUCCESS:

Tom Murphy
Bill Anders
Katharine Graham
Dick Smith
Henry Singleton

THE ONLY THREE YOU CAN
INVEST WITH TODAY:

John Malone
Bill Stiritz
Warren Buffett

POST HOLDINGS: BILL STIRITZ



- 79 years old
- Owns 1.1% of Post as of 11 November 2013 based on 32,688,799 shares outstanding
- Base salary of \$1 per year, the rest in stock options @ market prices
- 1,550,000 non-qualified stock options were granted at \$31.25 per share* in May 2012. 600,000 stock options were granted at \$40.30 per share* in October 2013. The options vest over the course of 3 years but are not exercisable until Stiritz is no longer an officer of the Company. Stiritz was also granted 312,500 restricted stock units

A LONG HISTORY OF VALUE CREATION

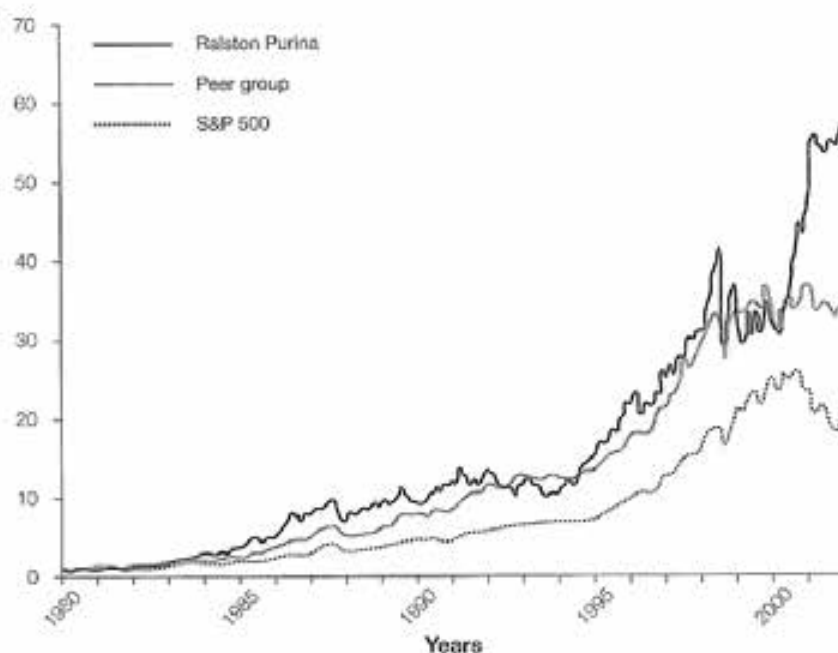
1964	Joined Ralston Purina at the Grocery Products Division (pet food and cereals)
1971	Became General Manager of Grocery Products Division
1981	Named CEO of Ralston Purina Company at the age of forty-seven
1980s	Initiated an aggressive stock repurchase program
1984	Acquired Continental Baking
1986	Acquired Energizer Battery from Union Carbide for \$1.5 billion
1994	Spun-off a collection of smaller brands into a new entity – Ralcorp
1998	Sale of the company's protein businesses to DuPont in a \$1.5 billion stock deal Spun-off Agribands International
2000	Spun-off Energizer Holdings
2001	Agribands International acquired by Cargill Nestle acquired Ralston Purina for \$10.4 billion
2008	Ralcorp acquired Post Cereals from Kraft Foods for \$2.6 billion
2012	Spun-off Post Holdings from Ralcorp
2013	ConAgra acquired Ralcorp for \$5 billion

* CLOSING PRICE OF THE STOCK ON THE DATE OF GRANT

BILL STIRITZ HAS DELIVERED STRONG RETURNS

A dollar invested with Bill Stiritz when he became CEO of Ralston Purina was worth \$57 nineteen years later.*

Ralston Purina value of \$1



AND HE'S AT IT AGAIN

Since spin-off in January 2012, the Company has...

- Repurchased ~5% of outstanding shares at a price of \$30.50 (Sept 2012);
- Acquired Attune Foods for \$9 million (Jan 2013);
- Acquired Organic and Natural Cereal, Granola and Snacks Business of Hearthside Food Solutions for \$158 million (May 2013, 7.3x EBITDA);
- Acquired Premier Nutrition Corporation for \$180 million (Sept 2013, 8.4x EBITDA);
- Announced acquisition of Dakota Growers Pasta Company for \$370 million (Sept 2013, 8.4x EBITDA);
- Announced acquisition of Golden Boy Foods for CAD 320 million (Dec 2013, 10.6x EBITDA);
- Announced acquisition of Dymatize Enterprises for \$380 million (Dec 2013, 9.5x EBITDA)

* THE OUTSIDERS P136-137

POST HOLDINGS: TRANSFORMATION PROCEEDING RAPIDLY

OLD

VS

NEW



Ready-To-Eat Cereals
(2.5% sales growth in FY13)
US Market = ~US10B
(Declining 2.2% in FY13)

ACTIVE NUTRITION

- Sports Nutrition and Weight Loss (Double-digit growth)
 - Meal Replacement Substitutes
 - Protein Opportunities



PRIVATE LABEL BUSINESS

- Private Label Servicing
- Experienced in private label business from Ralcorp



ATTUNE FOODS

- Branded and Private Label
- Natural / Organic Cereals (High single-digit growth)
 - Granola and Snack

POST HOLDINGS: STIRITZ'S FUTURE STRATEGY

Continued roll-up following Stiritz's Ralcorp Public LBO Model

- Leverage up to achieve higher returns on equity
- Pruning less profitable businesses
- Expand into related businesses that have higher returns and growth
- Opportunistic large share buybacks

Potential exit strategies

- Acquisition target for one of its main competitors in the RTE cereals market
e.g., Quaker Oats (PepsiCo)
- Acquisition target for other major players in the Packaged Food Industry
e.g., ConAgra
- Sale to Private Equity or Other



POST HOLDINGS: PAST TRANSACTIONS/ VALUATION BENCHMARKS

Date	Acquirer	Target	Price	EBITDA Multiple
Sep 2013	Joh. A. Benckiser	D.E Master Blenders	USD9.8B	16x 2013 EBITDA
Feb 2013	BRK/3G	HJ Heinz	USD27B	13.6x EBITDA
Nov 2012	ConAgra	Ralcorp	USD5.0B	11.0x EBITDA
July 2012	Campbell Soup	Bolthouse Farms	USD1.6B	9.5x 2012 EBITDA
April 2012	Nestle	Pfizer Baby Food Unit	USD11.9B	19.8x 2012 EBITDA*
Feb 2012	Kellogg	Pringles (P&G)	USD2.7B	11.0x EBITDA (LTM)
July 2011	Nestle	Hsu Fu Chi	USD1.7B	16.8x EBITDA*
March 2011	General Mills	50% of Yoplait	USD1.12B	12.6x 2010 EBITDA
Jan 2010	Nestle	Kraft Foods frozen pizza business	USD3.7B	12.5x 2009 EBITDA
Jan 2010	Kraft	Cadbury	USD19.6B	13.0x 2009 EBITDA
May 2008	Mars	Wrigley	USD23B	18.1x EBITDA*
July 2007	Kraft	Danone biscuit business	USD7.2B	13.2x 2007 EBITDA
Dec 2001	Nestle	Ralston Purina	USD10.3B	15.7x 2000 EBITDA
Aug 2001	PepsiCo	Quaker Oats	USD14.4B	16.0x EBITDA
March 2001	Kellogg	Keebler Foods	USD4.7B	10.5x EBITDA
Oct 2000	Unilever	Bestfoods	USD25.1B	14.6x EBITDA
			Average:	13.0x EBITDA



* EXCLUDED FROM AVERAGE CALCULATION

POST HOLDINGS: POTENTIAL WORTH

- Post is currently trading at a range of 10.7x – 11.4x Adjusted EBITDA*
- Industry Transaction Average = 13.0x EBITDA (Based on Elevation Capital data set – slide 16)
- If we believe 12x or 13x FY2014 Estimated EBITDA is a fair transaction multiple for the transforming Post
 - Post is trading at a discount (34%-79%) based on Elevation Capital Value Fund's cost basis
 - Post is trading at a discount (12%-51%) based on a current market price of \$47.33 (as at 16 December 2013)

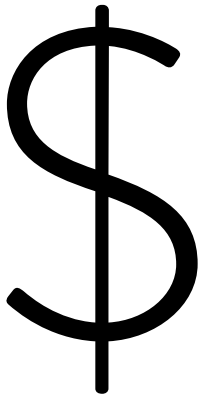
	EBITDA (US\$M)	Assumed EBITDA Multiple	Est. EV (US\$M)	Est. Value per Share (US\$)	Implied Premium / Discount**
EC FY2014 Estimated EBITDA (incl. announced acquisitions) - Low*	316.2	11x	3,478	\$43.50	9%
		12x	3,794	\$53.17	34%
		13x	4,110	\$62.84	58%
EC FY2014 Estimated EBITDA (incl. announced acquisitions) - High*	337.7	11x	3,715	\$50.76	28%
		12x	4,053	\$61.09	54%
		13x	4,391	\$71.42	79%



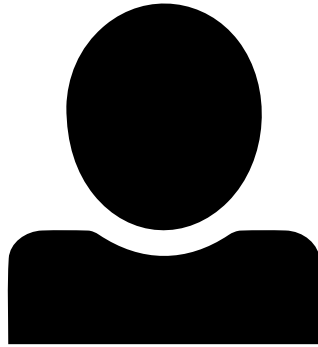
* BASED ON A SHARE PRICE OF \$47.33 AS AT 16 DECEMBER 2013, AND AN ELEVATION CAPITAL ESTIMATED FY2014 EBITDA RANGE OF \$316.2M (\$9.67 PER SHARE) TO \$337.7M (\$10.33 PER SHARE)

** BASED ON ELEVATION CAPITAL VALUE FUND'S COST BASIS OF US\$ 39.79 PER SHARE

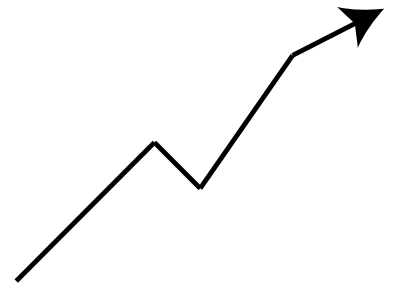
POST HOLDINGS: CASH FLOW + STIRITZ = INTERESTING OPPORTUNITY



+



=



CASHFLOW

Post Food's steady
cashflow

BILL STIRITZ

Post's CEO and Chairman is
an experienced value creator
for shareholders

WINNING COMBINATION

Post Holdings, Active Nutrition,
Center-of-the-Store,
Private label, Others?



ELEVATION CAPITAL MANAGEMENT LIMITED

RÉMY COINTREAU SA [RCO:FP]

Research Presentation released in January 2014



RÉMY COINTREAU SA: COMPANY DESCRIPTION

- Global Leading Manufacturer of Premium and Ultra Premium Spirits and Wines



RÉMY COINTREAU SA: HISTORY

- The Rémy Cointreau Group, whose charentaise origins date back to 1724, is the result of the merger in 1990 of the holding companies of the Hériard Dubreuil and Cointreau families, which controlled E. Rémy Martin & Cie SA and Cointreau & Cie SA

KEY DATES

1703 CREATION OF MOUNT GAY RUM IN BARBADOS

1724 ESTABLISHMENT OF THE HOUSE OF RÉMY MARTIN COGNAC

1785 ESTABLISHMENT OF THE HOUSE OF PIPER-HEIDSIECK
CHAMPAGNE BY FLORENS – LOUIS HEIDSIECK IN REIMS

1849 CREATION OF COINTREAU & CIE BY THE COINTREAU BROTHERS

1881 CREATION OF BRUICHLADDICH

1888 CREATION OF THE METAXA BRAND

1904 CREATION OF THE IZARRA BRAND

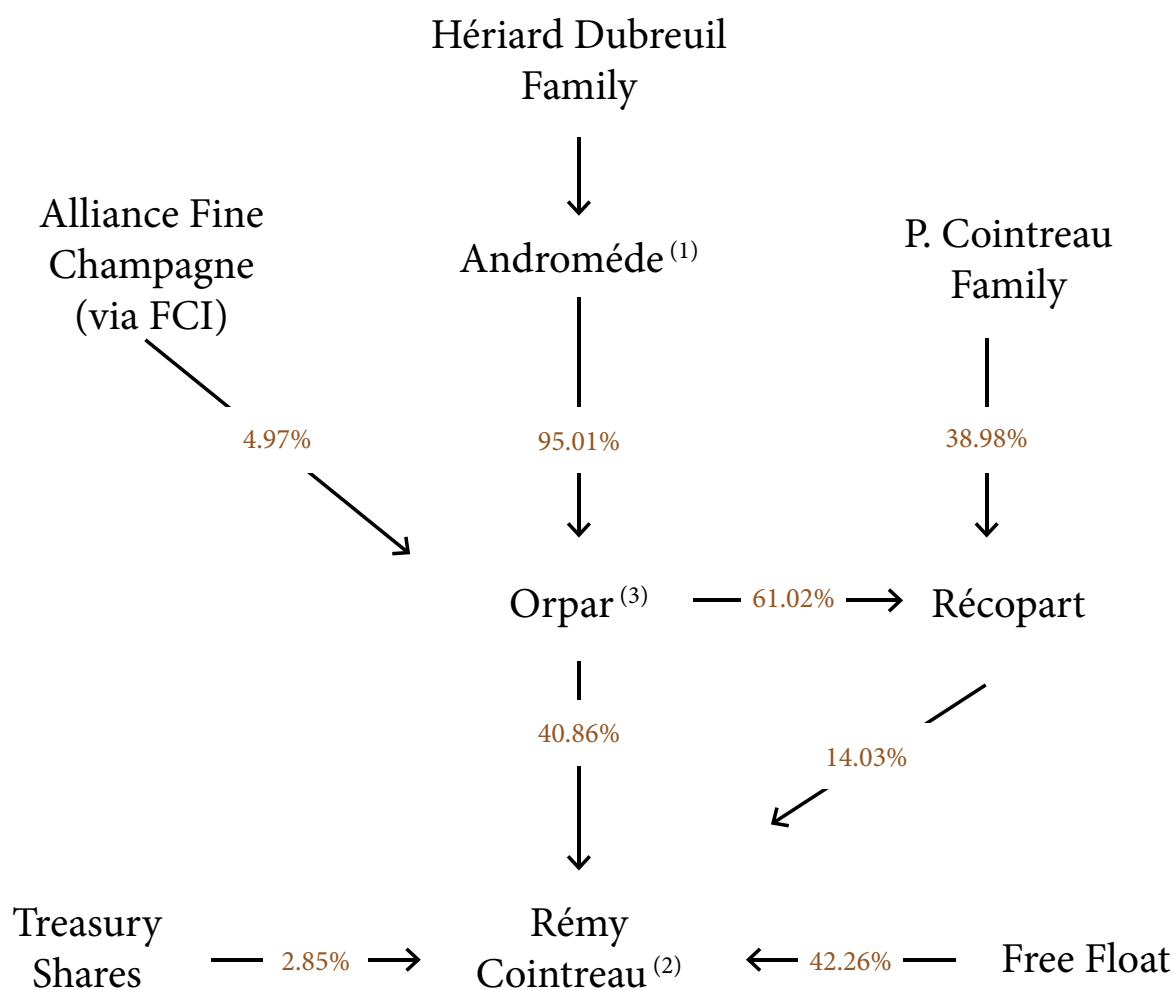
1986 CREATION OF THE PASSOÃ BRAND

This bottle of Louis XIII Grande Champagne Très Vieille Age Inconnu was sold in an auction for USD70,155 in 2011



RÉMY COINTREAU SA: SHAREHOLDING

- Currently, the entities controlled by the Hériard Dubreuil and Cointreau families hold ~51% of the capital, and ~67% of voting rights. Free Float = ~46%*



(1) Rémy Cointreau is consolidated within the Andromède Group.

(2) Only Rémy Cointreau shares are traded on the stock market.

(3) On 14 May 2013, following Orpar's disposal of 1,500,000 Rémy Cointreau shares pursuant to a private placement, Orpar held 35.68% of Rémy Cointreau

* AS AT 31 JANUARY 2014 (WWW.REMY-COINTREAU.COM/GROUP/REMY-COINTREAU/CAPITAL/)

RÉMY COINTREAU SA: STRONG PORTFOLIO OF PREMIUM BRANDS



LIQUEURS & SPIRITS

Cointreau, Metaxa,
Mount Gay Rum,
Bruichladdich,
St Rémy, Passoã, Izarrat

THE HOUSE OF RÉMY MARTIN

Rémy Martin, Louis XIII



RÉMY COINTREAU SA: ULTRA PREMIUM COGNAC

- Louis XIII Le Jeroboam was created to pay tribute to the greatest moments in the history of LOUIS XIII, and to honour the four generations of cellar masters
- Launched by Rémy Martin in 15 June 2011
- Only 100 decanters produced in first year
- 3-litre bottle
- List price = €16,000



RÉMY COINTREAU SA: ULTRA PREMIUM WHISKY

- “Ultra premium and prestige” Scotch sales rose more than 15 per cent by volume from 2011 to 2012, far exceeding the 2.2 per cent growth recorded for Scotch as a whole*
- Rémy Cointreau acquired Bruichladdich in 2012 for £58m

Example: Bruichladdich Forty

- Dates back to 1964
- Only 500 bottles were produced of this vintage
- Each one sells for about US\$2,500



* [HTTP://WWW.FT.COM/INTL/CMS/S/0/982B6C98-6425-11E3-98E2-00144FEABDC0.HTML](http://www.ft.com/intl/cms/s/0/982b6c98-6425-11e3-98e2-00144feabdc0.html)

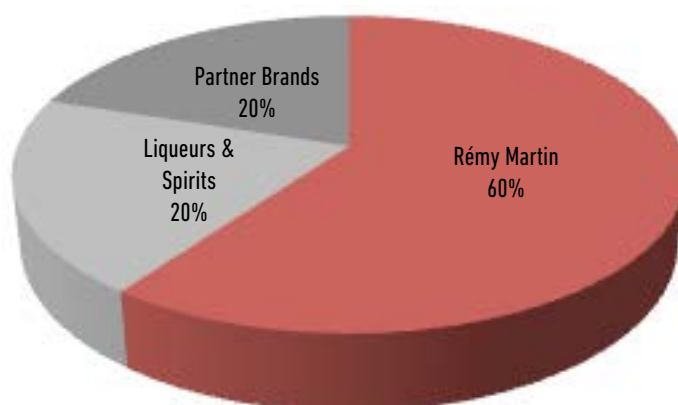
RÉMY COINTREAU SA: ULTRA PREMIUM RUM

- Mount Gay Rum is the oldest existing brand of rum in the world, based on the oldest surviving deed for Mount Gay Distilleries Ltd from 1703

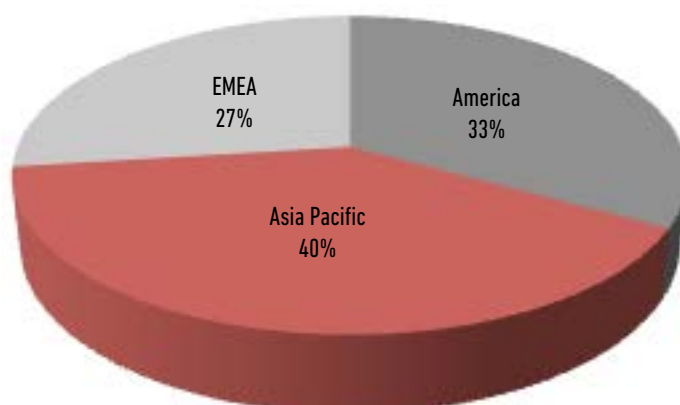


RÉMY COINTREAU SA: SALES BY PRODUCT & REGION (2012/2013)

SALES BY PRODUCT



SALES BY REGION



RÉMY COINTREAU SA: MARGINS VS PEERS

- Rémy's margins are under pressure due mainly to China's anti-extravagance campaign and the slow recovery in Europe (*But also offers potential upside to an acquirer).

	TTM EBITDA MARGIN*	TTM EBIT MARGIN*	TTM NET MARGIN*
RÉMY COINTREAU	21.8%	22.2%	9.8%
BEAM INC	28.6%	23.2%	15.9%
BROWN-FORMAN CORP	34.0%	23.7%	21.2%
DAVIDE CAMPARI	N/A	17.6%	11.7%
DIAGEO PLC	32.9%	29.5%	21.7%
LVMH	24.1%	19.9%	11.5%
PERNOD RICARD	27.5%	25.2%	13.9%
AVERAGE:	28.1%	23.0%	15.1%



* DATA SOURCE: THOMSON REUTERS, AS AT 31 JANUARY 2014

RÉMY COINTREAU SA: EV/EBITDA MULTIPLE

- Rémy is trading at a discount to its peers based on Trailing 12 months (“TTM”) EV/EBITDA Multiple, as the market is reacting to the negative effects of China’s anti-extravagance campaign on the company’s earnings power in the next few years.

	TTM EV/EBITDA MULTIPLE*	FY1 ESTIMATED EV/EBITDA MULTIPLE*
RÉMY COINTREAU	12.4X	14.9X
BEAM INC	21.8X	19.8X
BROWN-FORMAN CORP	17.4X	17.0X
DAVIDE CAMPARI	13.6X	13.1X
DIAGEO PLC	15.3X	14.5X
LVMH	9.9X	9.5X
PERNOD RICARD	12.5X	12.4X
AVERAGE:	14.7X	14.5X



* DATA SOURCE: THOMSON REUTERS, AS AT 31 JANUARY 2014

RÉMY COINTREAU SA: NEGATIVE HEADLINES OUT OF CHINA

|

SHARE PRICE DOWN 41% IN 12M*

↓

January 21, 2014 8:54 AM

China woes weigh heavily on Rémy Cointreau

By Adam Thomson in Paris

Share | Add to alerts | Print | Clip | Comments



Sales at French spirits group Rémy Cointreau fell sharply during the last three months of 2013 as Chinese demand for its cognac continued to shrink.

The maker of luxury brand Louis XIII cognac said on Tuesday that revenue shrank to €287.6m during the group's third fiscal quarter, a like-for-like fall of 18.9 per cent compared with the same three months of the previous year.

The Telegraph

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Shock resignation of Remy Cointreau chief hits shares

French spirits group said Frédéric Plaza was giving up the role of chief executive for personal reasons but will remain with the company



Latest Financial Market

Shares in Remy Cointreau fell as investors reacted to the resignation of the chief executive.

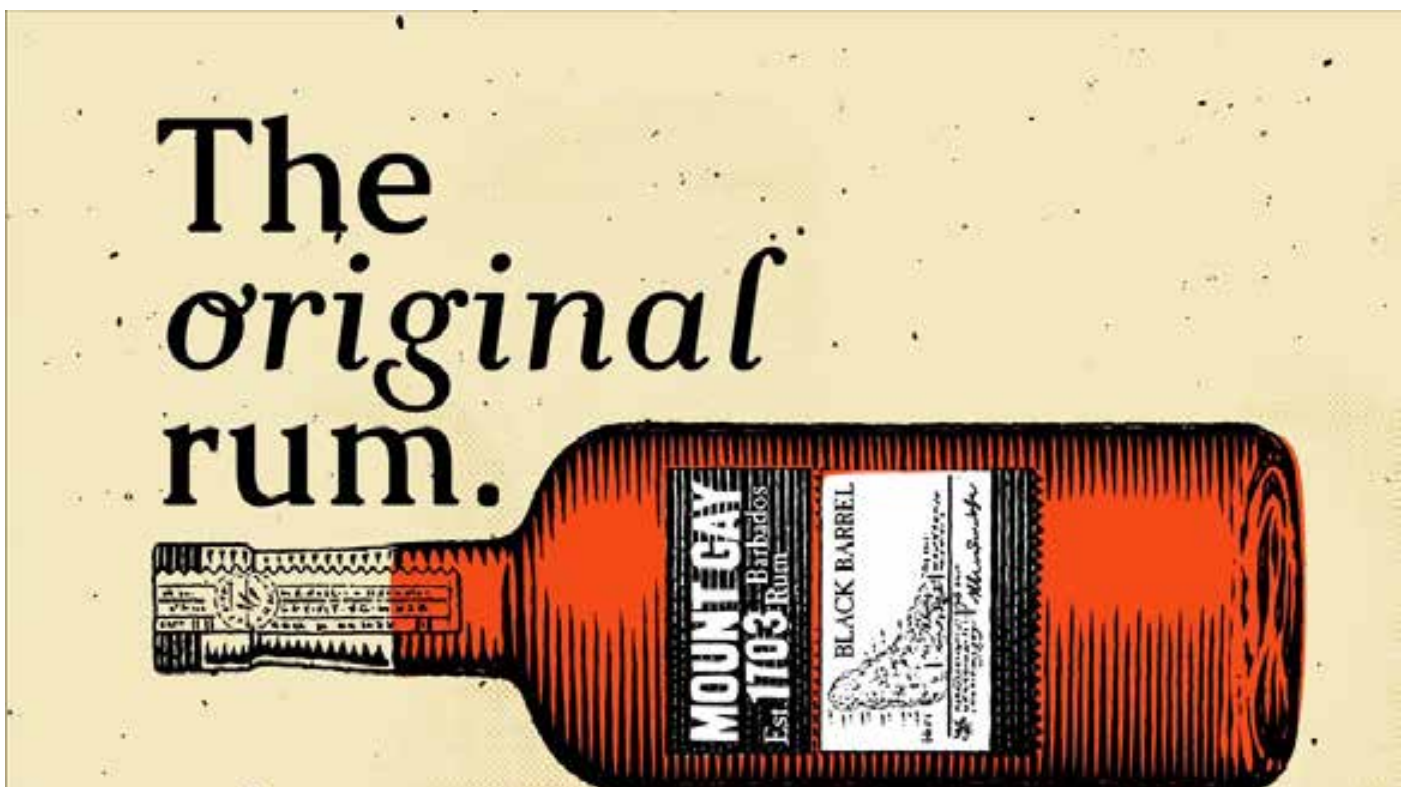
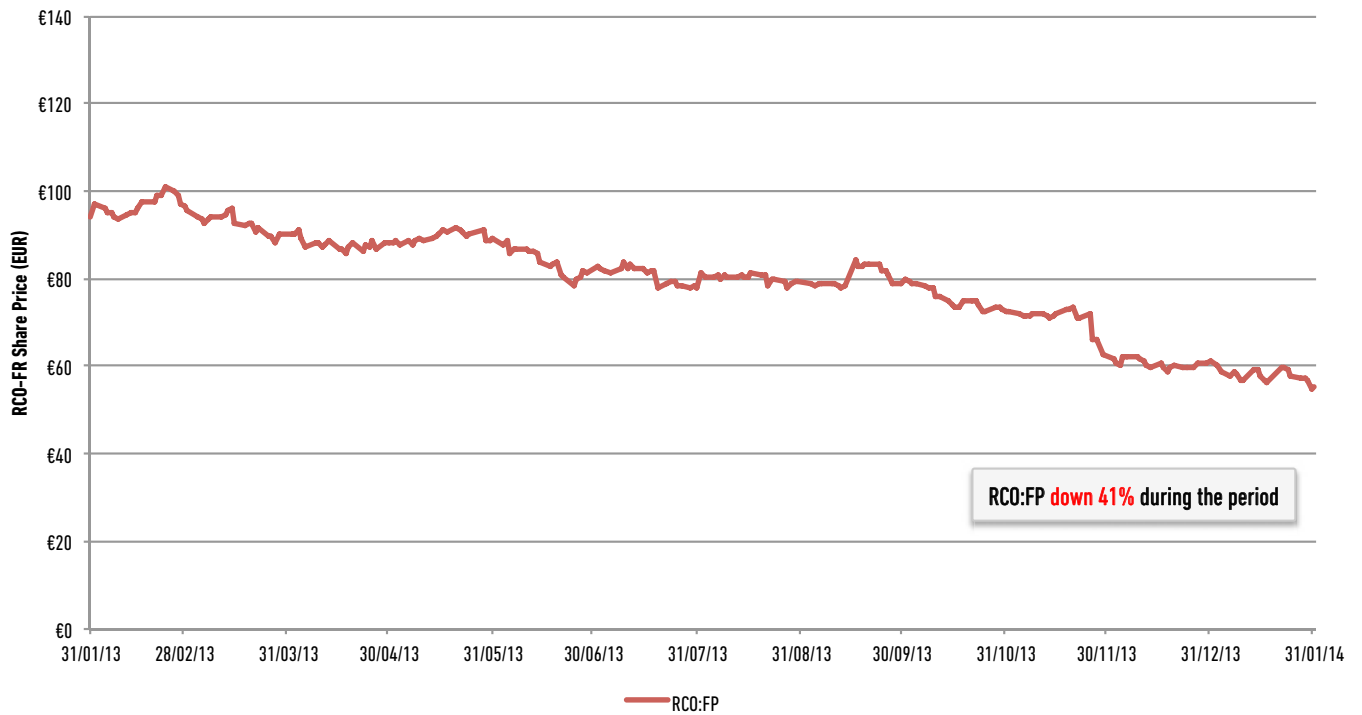
The group's shares fell to a low of 10.50 euros on Tuesday.

Shares in Remy Cointreau fell as investors reacted to the resignation of the chief executive.

Shares in Remy Cointreau fell as investors reacted to the resignation of the chief executive.

* FROM 31/1/2013 TO 31/1/2014

RÉMY COINTREAU SA: STOCK PRICE OVER 12 MONTHS



RÉMY COINTREAU SA: M&A HIGHLIGHTS

VALUE IN RÉMY COINTREAU

SUNTORY

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Responsibility

Brands

Group Companies

Suntory > News > SUNTORY HOLDINGS TO ACQUIRE BEAM IN \$16 BILLION TRANSACTION

News

No.11942 January 13, 2014

SUNTORY HOLDINGS TO ACQUIRE BEAM IN \$16 BILLION TRANSACTION

- Beam Stockholders to Receive \$83.50 Per Share in Cash
- Agreement Represents a Premium of 25% Over the Closing Price on January 10, 2014 and a Multiple of More Than 20 Times Beam's Latest 12 Months' EBITDA*¹
- Creates the World's #3 Premium Spirits Player with Portfolio of Leading Brands Across Key Spirits Categories, Enhanced Global Reach and Unparalleled Expertise in the Fast-Growing Whisky Category



RÉMY COINTREAU SA: STOCK PRICE OVER PAST 20 YEARS – RÉMY COINTREAU VS BEAM



RÉMY COINTREAU SA: VALUATION

RÉMY COINTREAU VS BEAM



RÉMY COINTREAU



CURRENT MARKET CAP*
= €3.1B

CURRENT EBITDA MULTIPLE
= 13.6X (TTM**)
= 14.9X (FY1 EST. 31/3/14***)

Beam



CURRENT MARKET CAP*
= \$13.6B

SUNTORY OFFER PRICE EBITDA MULTIPLE
= 20.5X (TTM**)

* AS AT 31/1/2014
** AS AT 30/9/2013
*** AS AT 31/1/2014

RÉMY COINTREAU SA: PAST INDUSTRY TRANSACTIONS

YEAR	ACQUIRER	TARGET	EBITDA MULTIPLE	COMMENTS
2005	PERNOD RICARD	ALLIED DOMECQ	10.4X	£7.4BLN
2008	PERNOD RICARD	VIN & SPRIT	20.8X	€5.3BLN
2012	DIAGEO	UNITED SPIRITS	26.9X	27.4% OF UNITED SPIRITS
2013	DISTELL GROUP	BURNS STEWART DISTILLERS	20.0X	USD244MLN
2014	EMPERADOR	WHYTE & MACKAY	19.3X	£430MLN
2014	SUNTORY	BEAM	20.5X	USD16BLN
		AVERAGE:	19.7X	
	?	RÉMY COINTREAU	20.0X	EC CONSERVATIVE ESTIMATE
	?	RÉMY COINTREAU	24.0X	EC OPTIMISTIC ESTIMATE

RÉMY COINTREAU SA: POTENTIAL ACQUIRERS

DIAGEO



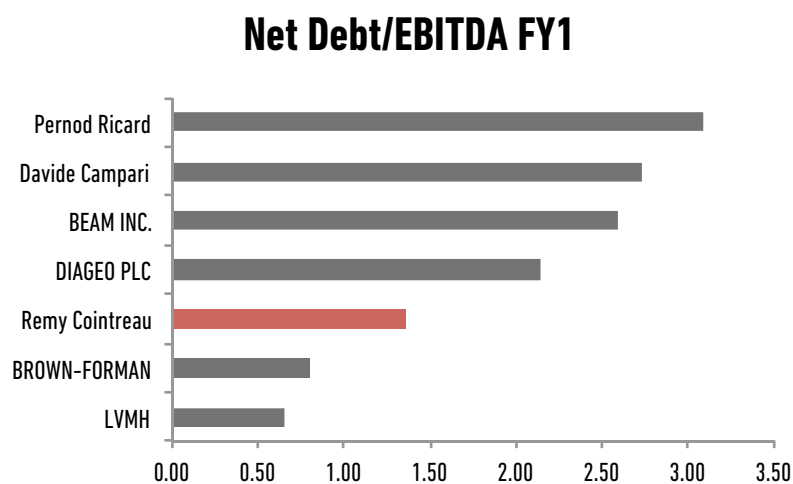
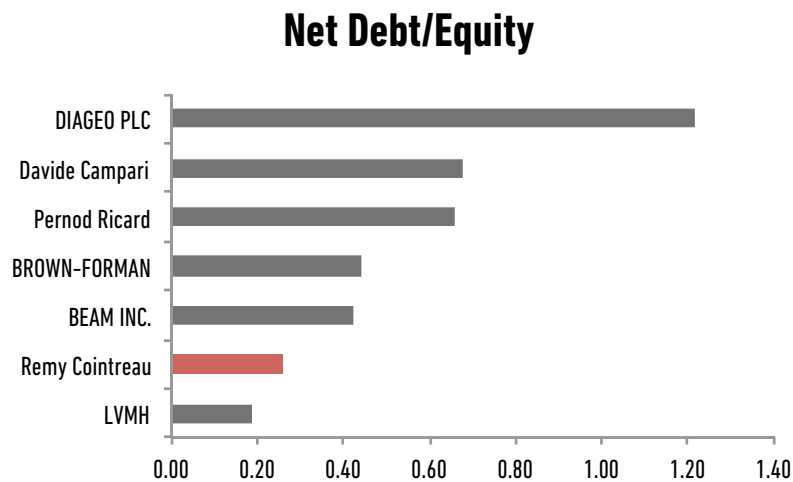
KIRIN

Asahi

SUNTORY

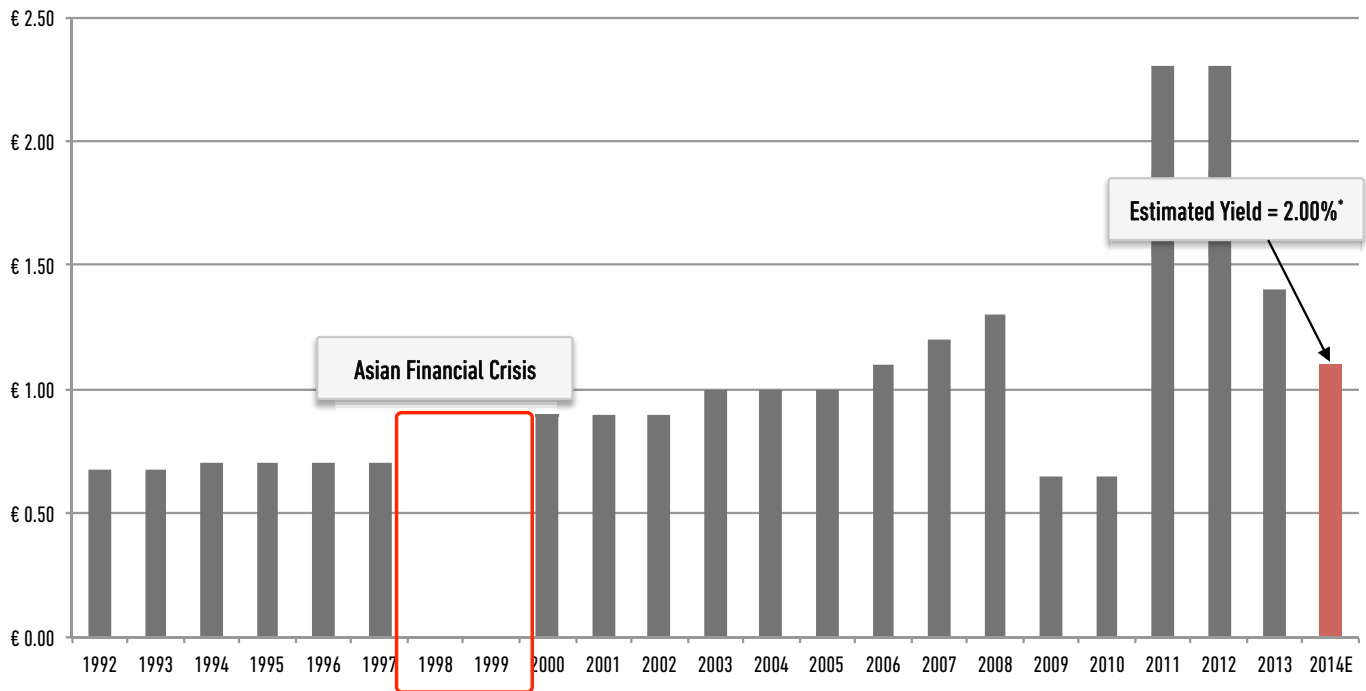
RÉMY COINTREAU SA: FINANCIAL LEVERAGE

- Rémy Cointreau is 53% less leveraged to its peer group average based on the Net Debt/Equity ratio
- Rémy Cointreau's net debt is only 1.36x next year's estimated EBITDA



RÉMY COINTREAU SA: DIVIDEND HISTORY

Dividend History



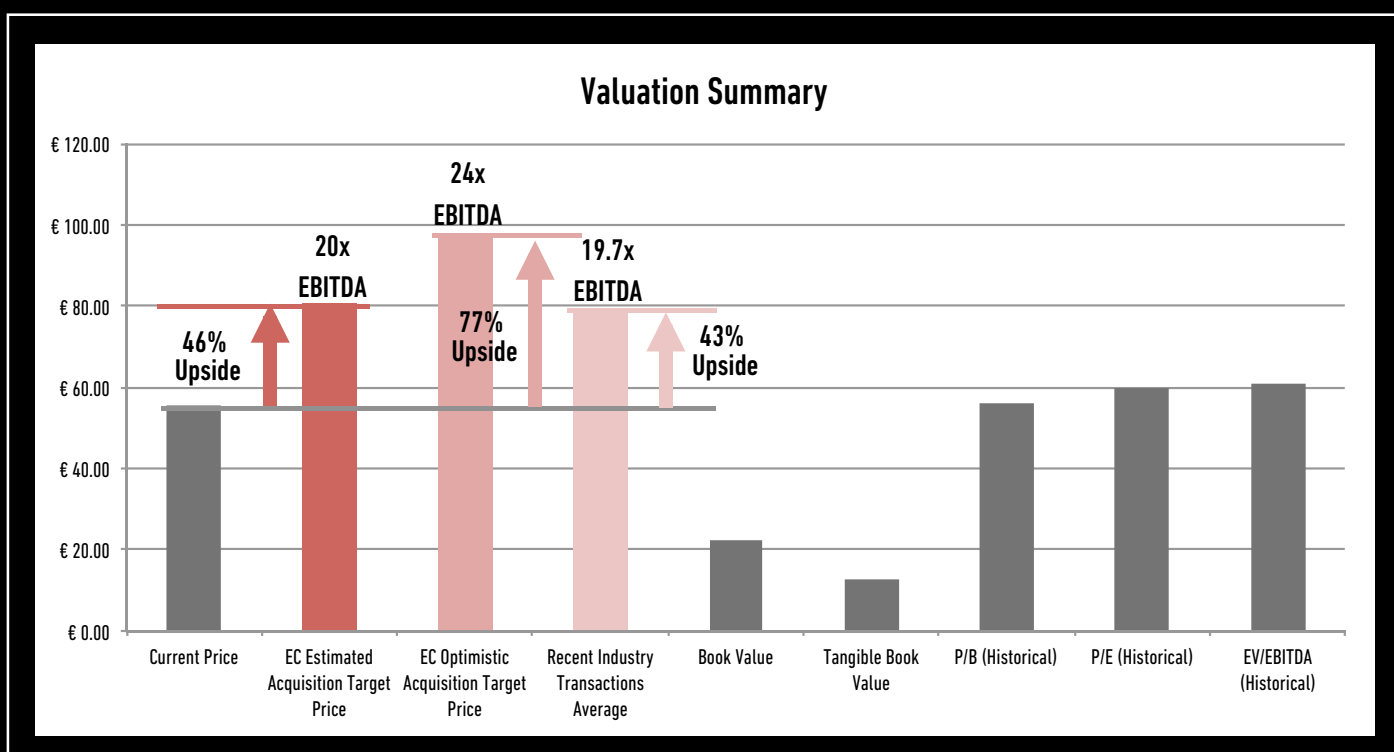
RÉMY COINTREAU SA: SHARE BUYBACK PROGRAM

- On 19/11/2013, the Board authorised the Company to buyback up to a maximum of 2,500,000 shares (~5% of shares outstanding)
- On 29/01/2014, the Board decided to end its share buyback programme
- Bought back 1,283,053 shares (2.58% of the share capital) at an average price of €59.16

OUR SPECULATION IS THAT SHARE
BUYBACK PROGRAMME WAS
SUSPENDED BECAUSE OF AN APPROACH
BY POTENTIAL SUITORS



RÉMY COINTREAU SA: ELEVATION CAPITAL'S VALUATION



Current Share Price (31/1/14)	€55.38	Discount to EC Intrinsic Value Estimate	31%
EC Acquisition Target Estimate	€80.58	Upside Potential	46%

RÉMY COINTREAU SA: CONCLUSION

- Rémy has a set of global brands which is nearly impossible to replicate. The key component of any brand is history, particularly in the luxury sector
- China's anti-extravagance campaign has had a significant negative impact on 2013 sales, and will continue to impact 2014 sales
- In response, Rémy Cointreau's share price declined 41% in the last twelve months
- We believe the market is overly pessimistic, such that the stock is trading at significant discount to recent industry transaction multiples
- Rémy Cointreau's brand is arguably one of the best remaining brands outside of global beverage company control
- The Hériard Dubreuil and Cointreau families could potentially sell their 51% stake in midst of a short/medium-term difficult trading environment and the likelihood of a very high multiple being paid given the low-cost of funds for most global beverage companies
- We are very confident in the Company's long-term prospects given its brand position even if the Company is not acquired in the short-term. It has high margins, remains profitable, and, has a low debt burden

MARGIN OF SAFETY

We believe there is a very clear "Margin of Safety" present with an investment in Rémy Cointreau for the following reasons:

- Brands that date back to 1703 are difficult to replicate
- Family control at 51% typically results in sound financial stewardship
- Low Debt Levels at ~1.36x EBITDA
- Trading at a clear discount to recent industry consolidation multiples

ELEVATION CAPITAL MANAGEMENT LIMITED

SCHOLASTIC CORP [SCHL:US]

Research Presentation released in November 2014



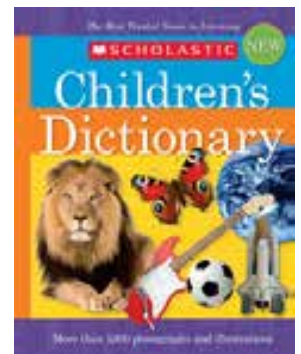
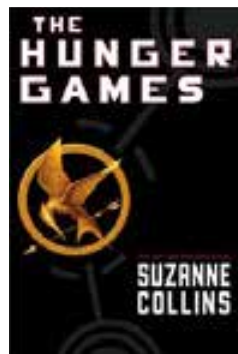
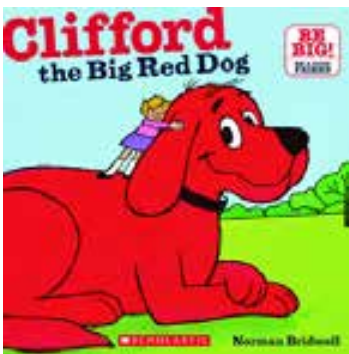
SCHOLASTIC CORP: DOMINANCE IN CHILDREN'S PUBLISHING

Scholastic is the leading producer of children's entertainment, educational and developmental material. Its distribution model is predicated on relationships with teachers and parents.

Scholastic holds the rights to some of the most enduring brands in early childhood entertainment, education and development. Its most prominent brands include Clifford the Big Red Dog, Harry Potter and The Hunger Games.

The Company operates school-based book clubs and book fairs and products and services are distributed through these channels as well as directly to schools, libraries, retail stores and via the internet.

Scholastic has long held a dominant position in this industry.



SCHOLASTIC CORP: HISTORY

- 1920 Maurice R. “Robbie” Robinson founded the business he named Scholastic Publishing Company
- 1948 Scholastic entered the school book club business with its division T.A.B., or Teen Age Book Club
- 1957 Scholastic established its first international subsidiary, Scholastic Canada
- 1960s The Company began publishing paperback books under its division Scholastic Book Services. These were offered to school students via classroom mail order catalogues, known as the Scholastic Book Club. The division also expanded further internationally to operate in London, Auckland, and Sydney by the 1960s. By 1974, the paperback book division had expanded into Tokyo as well
- 1970s
- 1996 Scholastic acquires Weston Woods Studios
- 1997 Scholastic purchased the U.S. publication rights to the first Harry Potter book, Harry Potter and the Philosopher’s Stone. It has continued publishing the Harry Potter books, all of which have been best sellers
- 2000 Scholastic acquires Grolier
- 2006 Scholastic won the right to publish and distribute The Hunger Games, a popular book which was soon to be made into a movie



SCHOLASTIC CORP: FAMILY OWNERSHIP AND CAPITAL STRUCTURE

EQUITY

Of the shares on issue, 30.3M are ordinary shares and 1.7M are Class A shares:

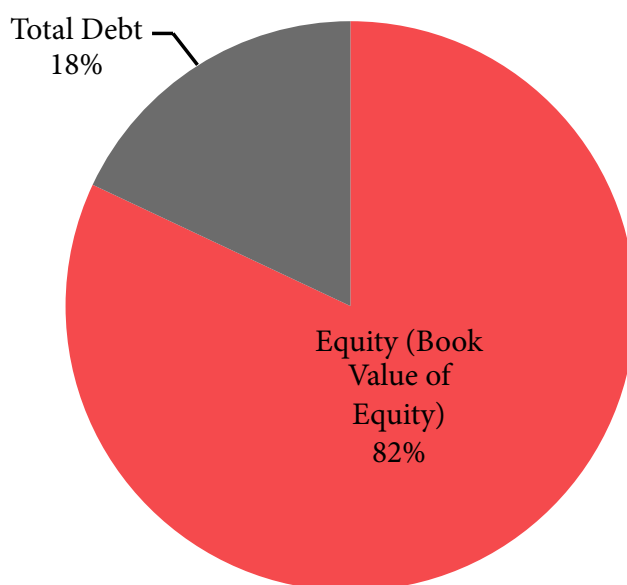
- Class A Shares – These are owned by the Robinson family who also have voting rights to elect 80% of the Board
- Stock Options – At 31 May 2014, non-qualified stock options to purchase 161,500 shares, 1,135,360 shares and 1,300,640 shares of Common Stock were outstanding under the 1995 Plan, the 2001 Plan and the 2011 Plan, respectively. The dilutive effects of these options are accounted for in our valuation

DEBT

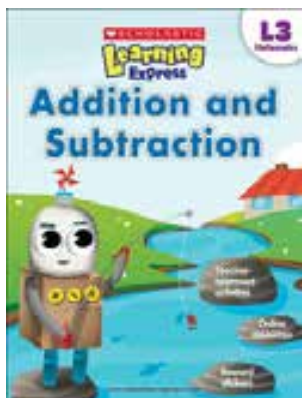
Scholastic currently has US\$199.8M in total debt. The Company drew US\$120M of a US\$420M loan facility during FY2014 to finance the purchase of their office building. Current Debt/Equity ratio is 22% post this transaction. The low debt levels of Scholastic are typical of family controlled companies which tend to be more conservative.

SHARE BUY-BACK PROGRAM

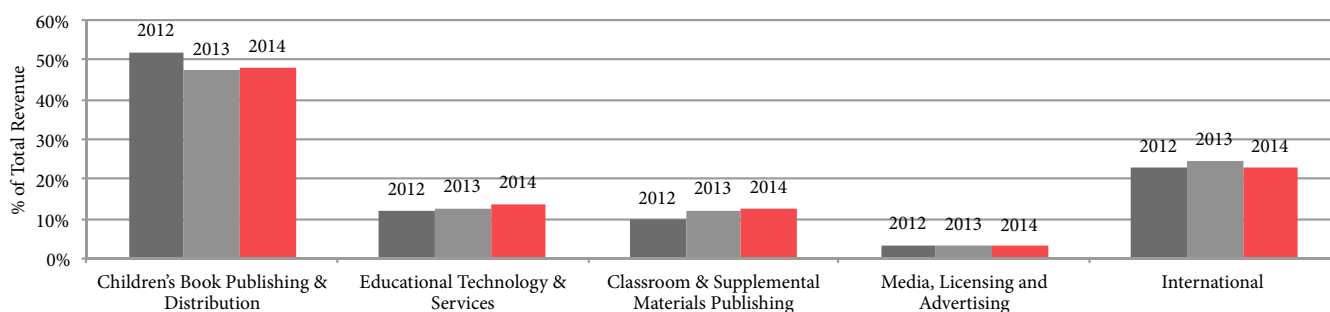
Scholastic has a share buy-back program in place and purchased shares worth approximately US\$6.2M during FY2014 at an average price of US\$28.65. During FY2013, Scholastic purchased ~US\$11.8M worth of shares on the open market at an average price of US\$27.34.



SCHOLASTIC CORP: BUSINESS SEGMENTS



Revenue by Operating Segments



The Company operates through five business segments:

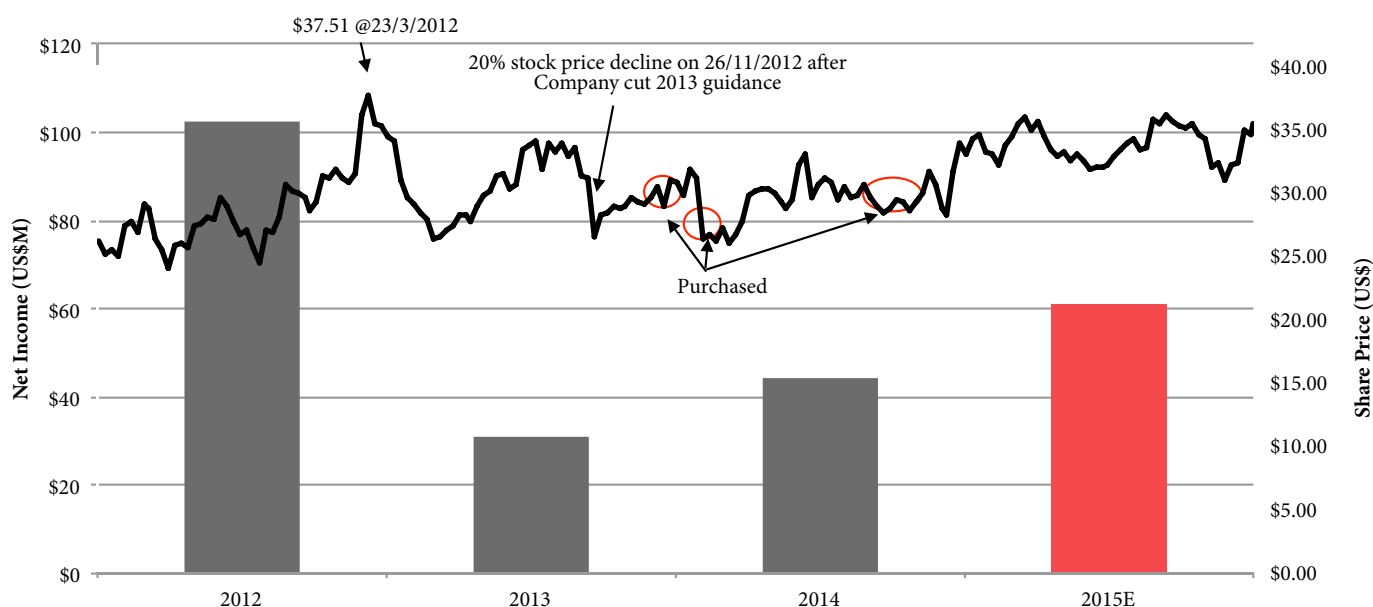
- **Children's Book Publishing & Distribution** – includes the publication and distribution of children's books in the United States through school-based book clubs, book fairs, ecommerce and the trade channel
- **Educational Technology & Services** – includes the production and distribution to schools of curriculum-based learning technology and materials for grades pre-kindergarten to 12 in the United States, together with related implementation and assessment services, and school consulting services
- **Classroom & Supplemental Materials Publishing** – includes the publication and distribution to schools and libraries of children's books, classroom magazines, supplemental classroom materials, and print and on-line reference, and non-fiction products
- **Media, Licensing and Advertising** – includes the production and distribution of digital media, consumer promotions and merchandising and advertising revenue, including sponsorship programs
- **International** – includes the publication and distribution of products and services outside the United States by the Company's international operations and its export and foreign rights businesses

SCHOLASTIC CORP: NEGATIVE HEADLINES PRESENTED AN OPPORTUNITY

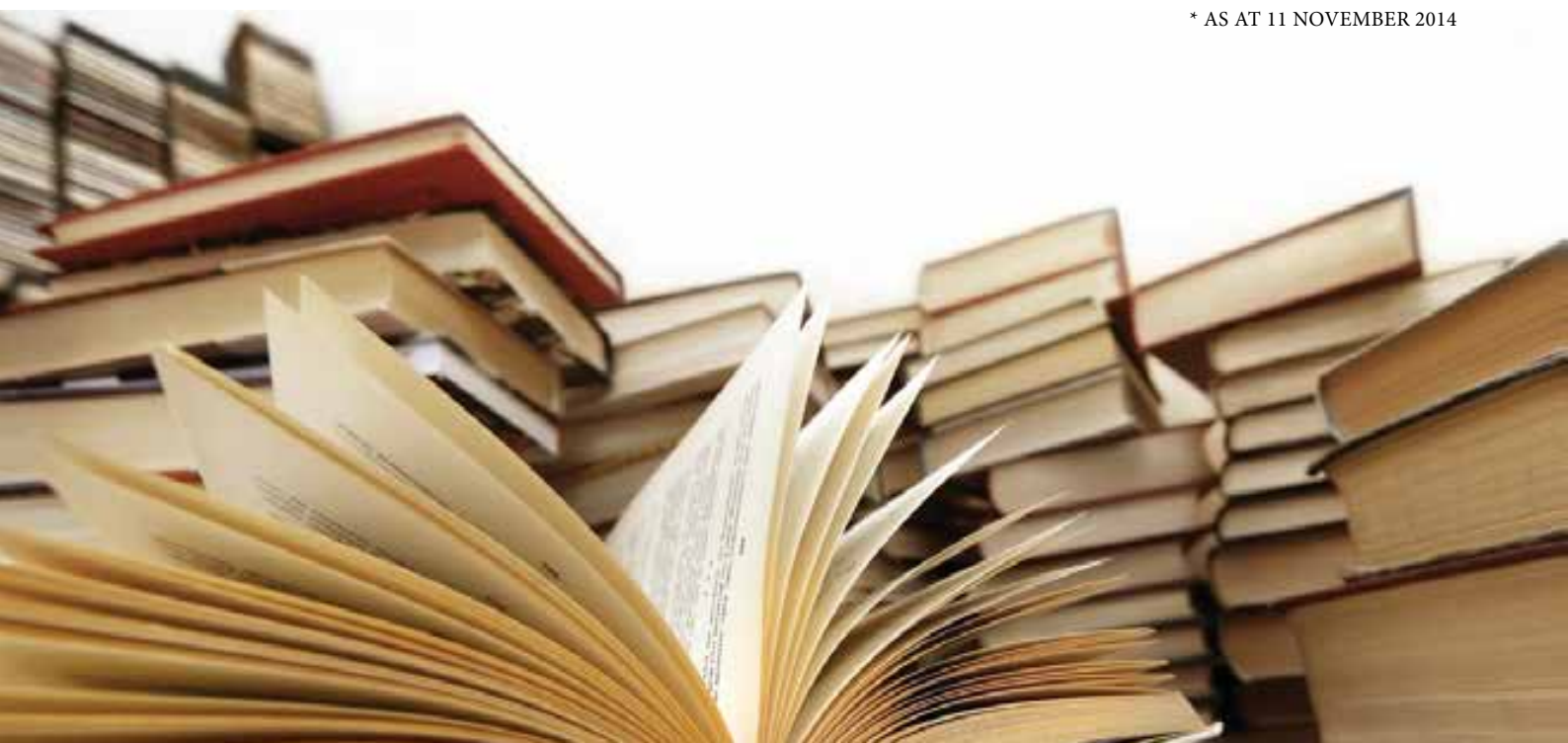
We initiated our research into Scholastic after the stock declined 20% on 26/12/2012 when the Company cut its 2013 guidance due to “*delaying spending decisions due to continued uncertainty regarding the federal budget*”.

We started to build our position in 2013, at an average cost of US\$28.54 (to date).

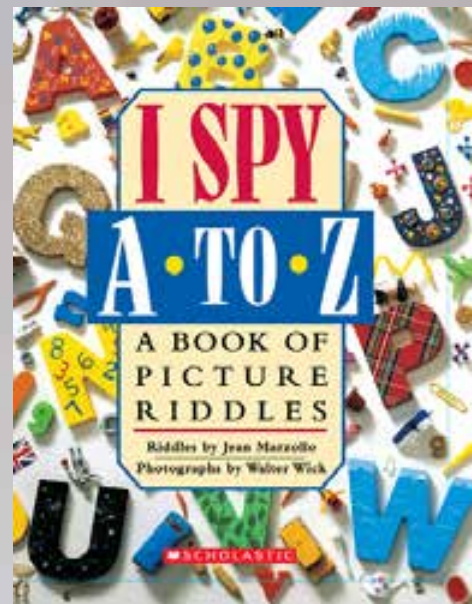
Current share price* = US\$35.91 (Market Capitalisation = US\$1.1B).



* AS AT 11 NOVEMBER 2014



SCHOLASTIC CORP: VALUABLE ASSETS - POPULAR BRANDS



SCHOLASTIC CORP: DISTRIBUTION CHANNELS

The Company has three means of distribution:

- Book Clubs and Fairs – in America and globally, allowing for interaction between the Company and the consumers (parents and teachers/school administrators)
- Sales Direct to Retailers – in America and globally
- Digital – Distribution of online content. Example: Storia – the ebook and digital reading platform

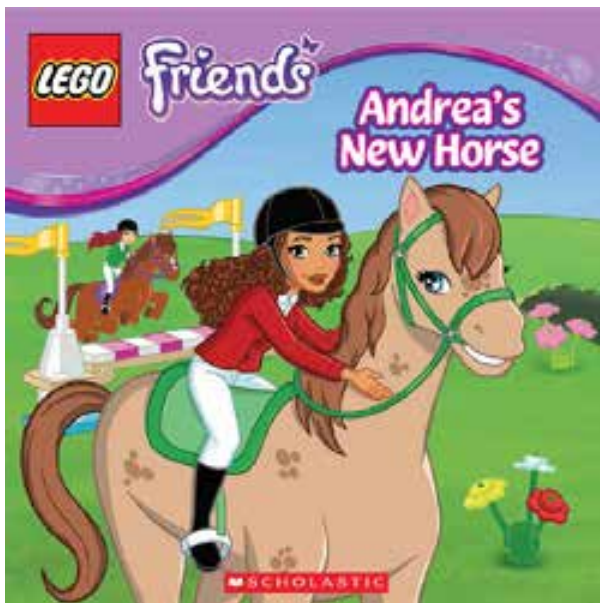


SCHOLASTIC CORP: EXPANDING PRODUCT OFFERINGS

The expansion of product offerings includes merchandising through SE Distribution Inc., a subsidiary of Scholastic which creates toys and figurines based on the Scholastic franchises.

Scholastic also has a number of other divisions including Soup2Nuts (animation studio), Weston Woods Studios (DVD/audio books), Interactive Products Group (software), Click Interactive Learning Club (multimedia products) and Scholastic Audio (audio books). All are used to introduce new products or distribute existing products.

These product offerings are all designed to increase revenue sources as well as brand exposure. The Company has also expanded into other media, creating TV shows and even movies based on the content in their books.



SCHOLASTIC CORP: VALUABLE ASSETS - REAL ESTATE

On 28 February 2014, Scholastic announced the purchase of its US headquarters at 555 Broadway in New York, financed partly by cash on hand and partly through its revolving debt facility. The Company paid the US\$255M to its existing landlord under a sale and purchase agreement. CEO Richard Robinson said in an earnings call:

“IT WILL INCREASE OUR CASH FLOW AND PROVIDE THE FLEXIBILITY TO FURTHER MONETIZE THIS VALUABLE SPACE IN THE SOHO NEIGHBOURHOOD.”



Scholastic also owns the property next door, 557 Broadway, which it acquired in 2010 for US\$25.5M. Between the two buildings Scholastic now owns 0.6M square feet in central New York.

Having assessed the market, we value Scholastic's two properties at US\$372M, equating to US\$11.10 per share. This valuation is based on recent transactions in the immediate area (Soho, Broadway specifically) and represents a valuation of US\$620 per square foot based on the 0.6M square feet currently owned.

SCHOLASTIC CORP: KEY OPPORTUNITIES



Property

The Company owns 0.6 million square feet of space in central New York. This provides tangible and quantifiable asset backing to the Company. We believe the investment makes sense in both the short and long run. In the short run, it frees up the cash flow which would otherwise be allocated to lease payments. In the long-run, it provides exposure to the New York property market. We believe the Company may be best served selling the property in the long run and moving to cheaper premises. This would then provide the opportunity for a significant return of capital to shareholders. We value Scholastic's New York property assets at US\$372M versus a book value of US\$280M. This equates to US\$11.10 per share.

Asian Market

Although Asia represents only a small portion of sales in the international segment, this is a key market for Scholastic. The Q1FY2015 results presentation highlights strong operational performance in this region, with sales in Asia being driven by increased education sales, particularly from new initiatives such as the digital reading assessment program 'Literacy Pro' and the new maths training series 'PRIME Mathematics'.

Maths, Science and Computer Science

Maths and science are areas which Scholastic have rightly targeted. Indications are that increased funding will come from governments in the western world to account for falling levels of numeracy among children and young people. Computer

science may also present an opportunity for Scholastic. Many of Scholastic's products introduce children to computers for the first time, particularly since the introduction of a number of digital products. The Company has recently produced what they call 'Computer Lab Favourites', which gently introduce children to computers, whilst teaching them skills such as reading and maths.

Acquisitions

M&A activity can be a risk and an opportunity. In the case of Scholastic it has sought growth in the recent past via M&A. Scholastic has grown its business most recently by acquiring other media companies, including Klutz, the animated television production Company Soup2Nuts, the K-12 educational software publisher Tom Snyder Productions, and most significantly the reference publisher Grolier, which publishes the Grolier Multimedia Encyclopedia and The New Book of Knowledge. Similarly, Scholastic may become a takeover target in the future, with businesses such as Pearson gaining more exposure to the lucrative children's entertainment and early education market.

Developing Technology

Although the fast pace of change in the industry is a risk, in relation to the increased uncertainty it creates, it is also an opportunity. The development of internet-based subscription platforms for e-books represents an opportunity to increase sales in the long run. Anything which increases Scholastic's means of distribution should be viewed positively.

SCHOLASTIC CORP: KEY RISKS



Competition

Although Scholastic is relatively dominant in the market in which it operates, namely children's publishing, it faces competition. Many of Scholastic's competitors are larger and potentially better resourced than Scholastic.

Government Funding Policies

To an extent, Scholastic faces political risk. Schools are significant buyers of Scholastic books and the budgets they receive therefore have a bearing on the revenue the Company generates.

Financial Risk

Balance Sheet and Cash Flow Statements show a healthy Company. However, the Income Statement shows a company which is not growing. For the past decade revenue growth has stagnated. This is attributed to industry changes and new models for revenue capture including online and digital. However, Scholastic needs to find a revenue driver in the long run.

Industry Change

The publishing industry is adapting quickly in order to catch up to rapid advances in technology. The revenue models in, for instance, the Amazon e-book platform, are still in development and it is unclear how they will effect Scholastic in the long run.

Failure to Obtain New Titles

The failure to continue to establish new agreements such as those for the titles 'The Hunger Games' and 'Harry Potter' may cause future results to decline in comparison to historical results. An assessment of the Company's Income Statement shows that revenue and earnings are highly correlated to the popularity of the titles it publishes. Similarly, Scholastic must maintain its control of intellectual property. The legal cost of maintaining intellectual proprietary rights as well as the costs of dealing with claims alleging infringement of the intellectual property rights of others, have the potential to constrain revenues.

Increases in Operating Costs

The major expenses incurred by Scholastic are employee compensation and printing, paper and distribution (such as postage, shipping and fuel). Compensation costs include the cost of insurance, post-retirement benefits and stock option packages. The costs of inputs such as paper can fluctuate with market movements based on supply and demand.

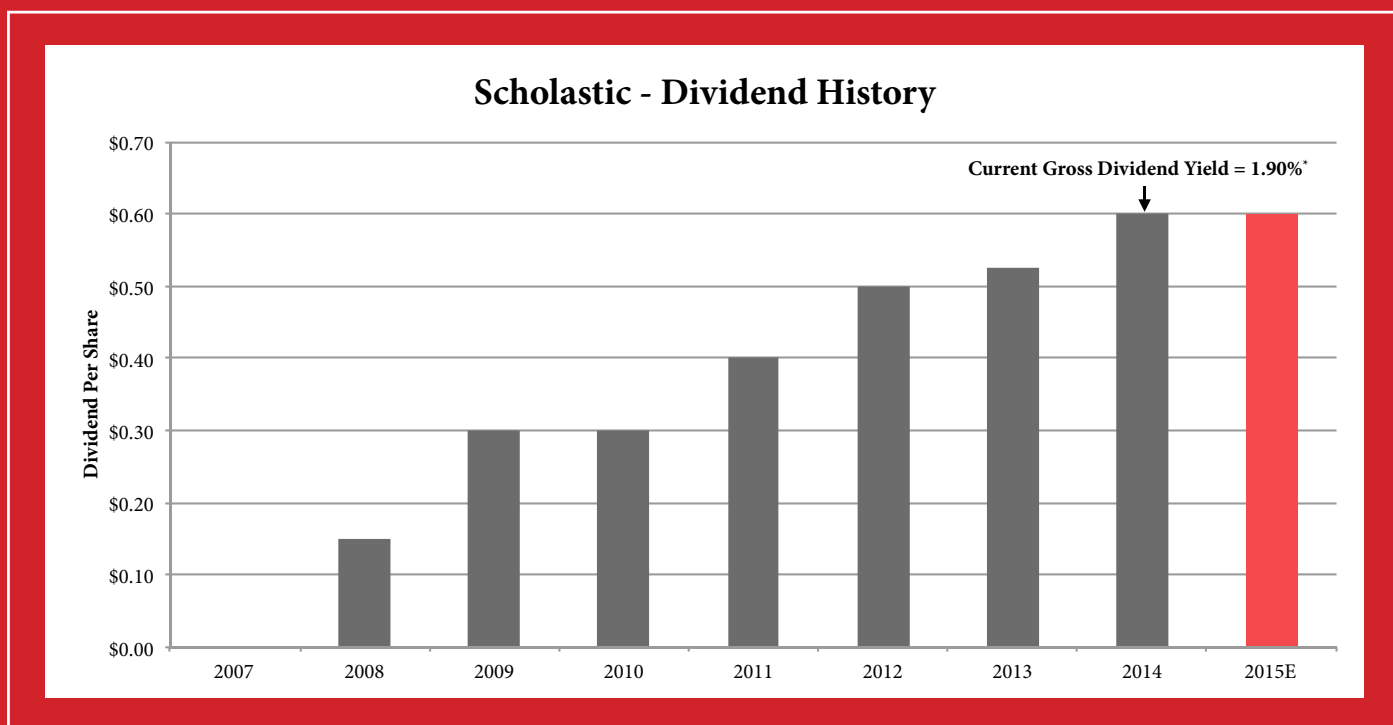
Control by Minority Owners & Management

The Robinson family retains control of the Company through Chairman, President and CEO Richard Robinson as well as other members of the family through their ownership of Class A Stock. This means the holders of common shares have few rights in respect to transactions requiring shareholder approval.

SCHOLASTIC CORP: DIVIDEND HISTORY

Dividends per share of common stock on issue have increased consistently since 2009. The FY2014 dividend amounts to a 40% payout ratio. We anticipate a dividend of US\$0.60 per share of common stock in FY2015, in line with forecast growth for FY2015.

Scholastic currently has a Gross Dividend Yield of 1.90%*.

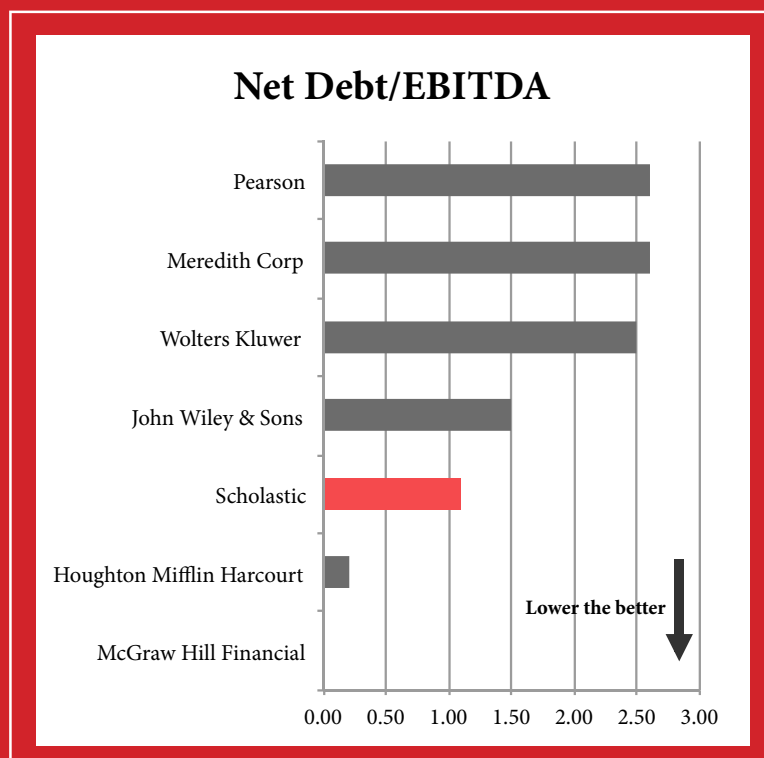
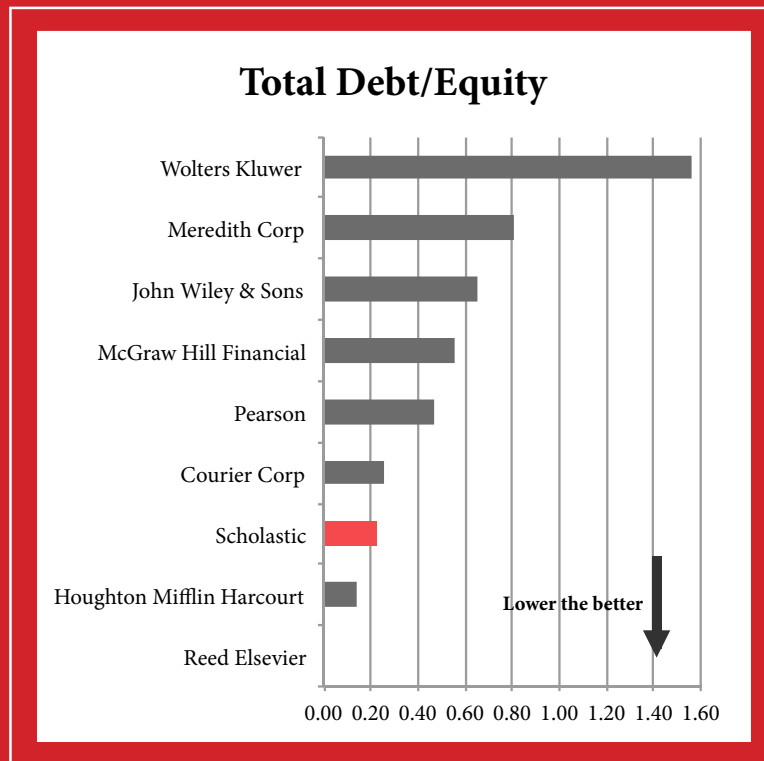


* AS AT 14 OCTOBER 2014

SCHOLASTIC CORP: LEVERAGE

Scholastic's debt levels of 22% Debt / Equity are significantly below the industry average of 52%*.

In terms of Net Debt / EBITDA, Scholastic's 1.1x is also below the peer group average of 1.5x*.



* DATA SOURCE: THOMSON REUTERS AS AT 14 OCTOBER 2014

SCHOLASTIC CORP: COMPARABLE COMPANIES

Scholastic trades at similar multiples relative to its peer group average on a P/E basis, trailing 12 months and forward 12 months. It trades at an EV/EBITDA multiple which is ~21% below that of its peers.

While the dividend yield is lower at 1.90% versus the peer average, Scholastic's payout ratio is only 40% versus the peer group average at 76%.

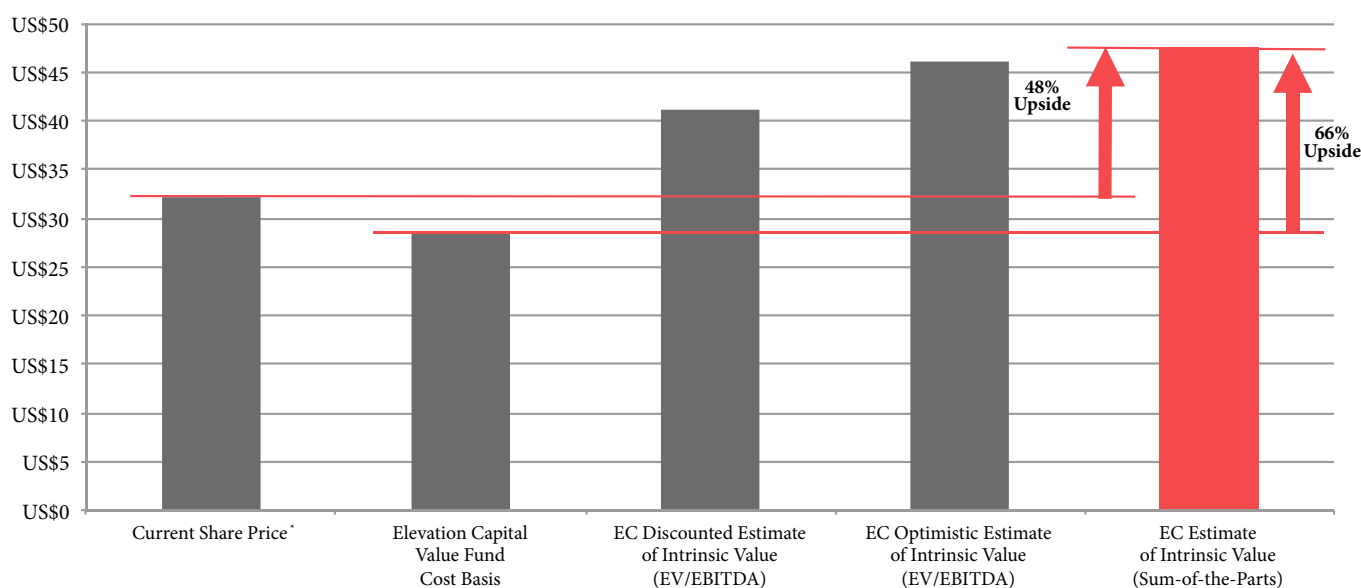
	Peer Group				
	Trailing P/E	Foreward P/E	Price/Sales	EV/EBITDA	Dividend Yield
Courier Corp	21.75x	13.50x	NA	NA	6.90%
Houghton Mifflin Harcourt	NA	33.88x	1.80x	9.00x	-
John Wiley & Sons	18.71x	17.14%	1.60x	8.90x	2.20%
McGraw Hill Financial	22.23x	19.65x	3.90x	10.00x	1.50%
Meredith Corp	18.30x	16.07x	1.00x	7.50x	4.00%
Pearson	17.56x	15.07x	1.90x	11.50x	4.20%
Reed Elsevier	18.90x	15.50x	3.40x	NA	2.70%
Wolters Kluwer	13.15x	12.36x	1.60x	8.20x	3.50%
Peer Group Median	17.93x	15.75x	1.70x	8.95x	3.10%
Scholastic	17.49x	15.86x	0.50x	6.80x	1.90%

SCHOLASTIC CORP: ELEVATION CAPITAL'S VALUATION

We believe that Scholastic is undervalued by the market on both a cross sectional (comparison with other companies) and a time series (compared with its own historical trading multiples) basis.

We believe Scholastic is currently trading at a 32% discount (48% upside potential) to our estimated Sum-of-the-Parts valuation of US\$47.52 per share.

Scholastic - Valuation Summary



* SCHOLASTIC SHARE PRICE AT 22 OCTOBER 2014

SCHOLASTIC CORP: CONCLUSION

- Scholastic is a dominant force in the children's entertainment and educational development market
- The enduring brands it holds the rights to, such as Clifford the Big Red Dog, Harry Potter and The Hunger Games provide recurring income, as do the book fairs and clubs which Scholastic uses to maintain contact with the teachers, parents and children who purchase its products
- Additional product offerings, including through merchandising, TV and movies, offers other sources of income
- Scholastic must continue to innovate in order to maintain its dominant position in the children's market. Crucial to this is the continued roll out of digital and web based initiatives such as 'Math 180' and 'Computer Lab Favourites'
- Financially, Scholastic is less leveraged than its peers (at 22% Debt/Equity and 1.10x Net Debt/EBITDA) which provides both safety & financial flexibility
- Scholastic has proven to be a strong generator of Free Cash Flow and has scope to increase its dividend payout ratio as debt levels are reduced
- We see upside in the US\$255M investment the Company recently made in its New York headquarters – Real Estate accounts for US\$11.10 per share based on our valuation of US\$372M for the real estate holdings in SoHo, New York
- We value the business at between US\$41.03 and US\$47.52 per share, representing upside potential of between +28% and +48% from current prices (+44% and +66% from Elevation Capital's cost basis of US\$28.54 per share)





SCHOLASTIC



ELEVATION CAPITAL MANAGEMENT LIMITED

SOUZA CRUZ SA [CRUZ3:BZ]

Research Presentation released in April 2014





SOUZA CRUZ: COMPANY DESCRIPTION

LARGEST TOBACCO COMPANY IN BRAZIL

One of Brazil's

TOP

Ten Tax Payers

Servicing
300,000

retailers in
5,000 towns

Working with

30,000

+ Farmers

Exporting to
more than

60

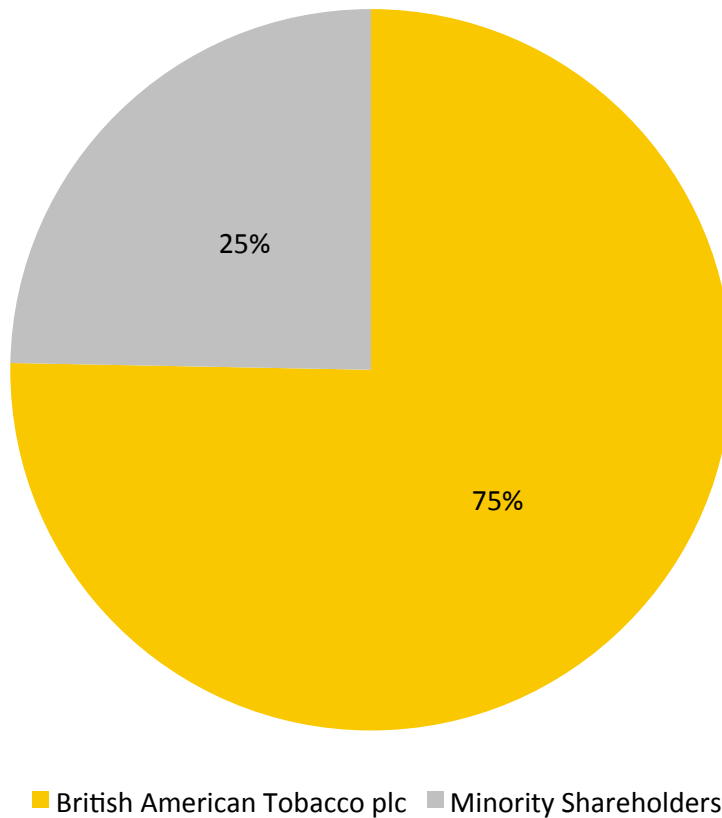
countries



SOUZA CRUZ: POTENTIAL ACQUISITION TARGET*

- Majority owned by British American Tobacco

Ownership



* ONE RECENT EXAMPLE WITHIN OUR PORTFOLIOS IS THE ANNOUNCEMENT BY ITALCEMENTI ON 6/3/14 OF ITS PLAN TO MAKE A PUBLIC TENDER OFFER ON ALL THE MINORITY SHARES OF CIMENTS FRANCAIS

SOUZA CRUZ: STRONG BRAND PORTFOLIO

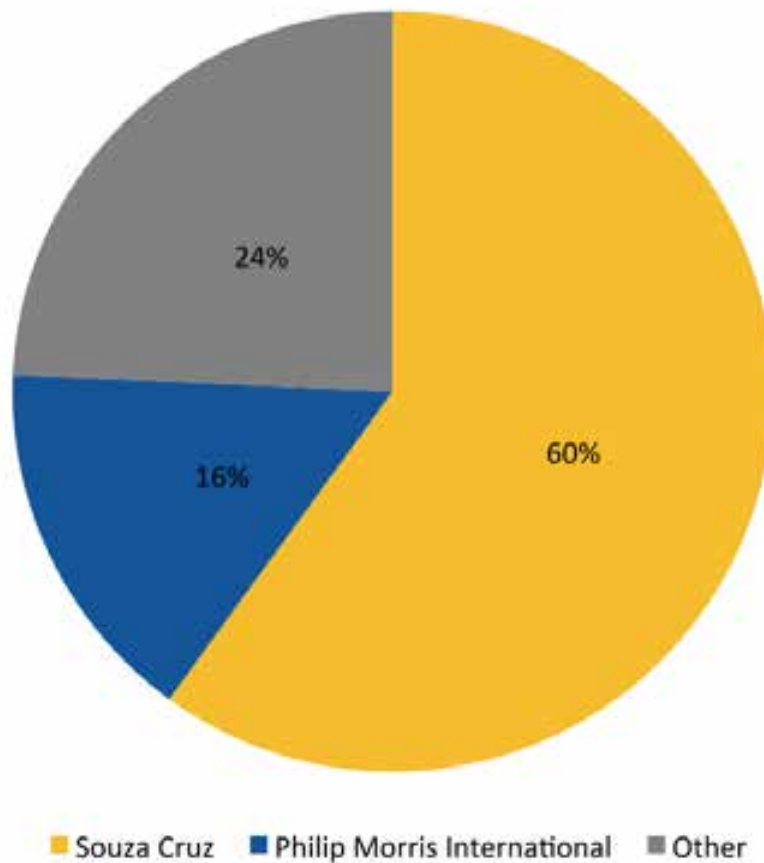
- Owns SIX of the ten top-selling brands of cigarettes in Brazil.



SOUZA CRUZ: DUOPOLY IN BRAZILIAN TOBACCO MARKET

- Souza Cruz + Phillip Morris International = 76% MARKET SHARE

Brazilian Tobacco Market

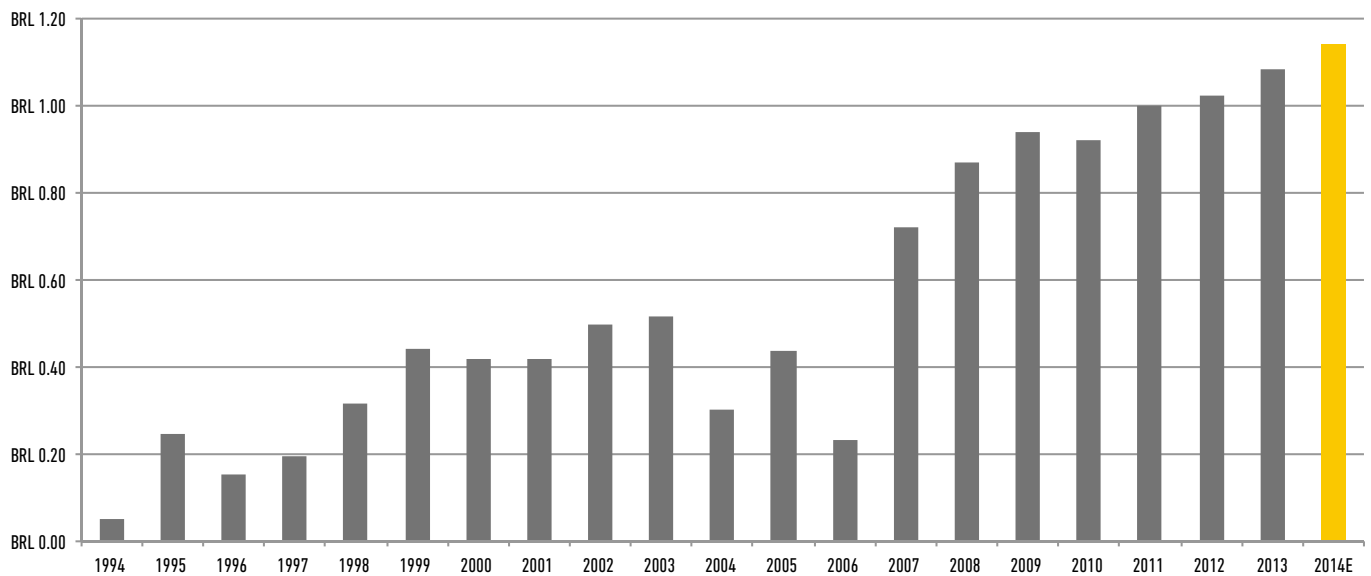


SOUZA CRUZ: DIVIDEND GROWTH

- 16% Compound Rate since 1994

Souza Cruz — Dividend History

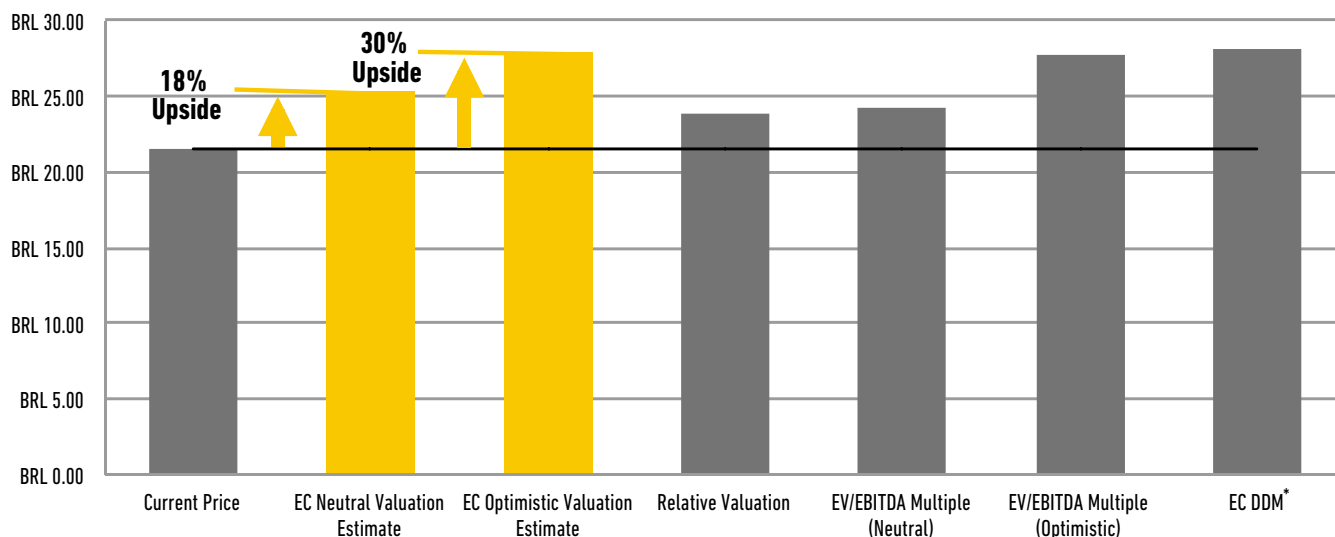
Current gross yield = 5.3%*



* AS AT 25 APRIL 2014

SOUZA CRUZ: ELEVATION CAPITAL INTRINSIC VALUE ESTIMATE

Souza Cruz - Valuation Summary



Current Share Price (25/4/14)	BRL 21.53	Discount to EC Intrinsic Value Estimate	15% - 23%
EC Intrinsic Value Estimate	BRL 25.38 – BRL 27.93	Upside Potential	18% - 30%



* EC DIVIDEND DISCOUNT MODEL

ELEVATION CAPITAL MANAGEMENT LIMITED

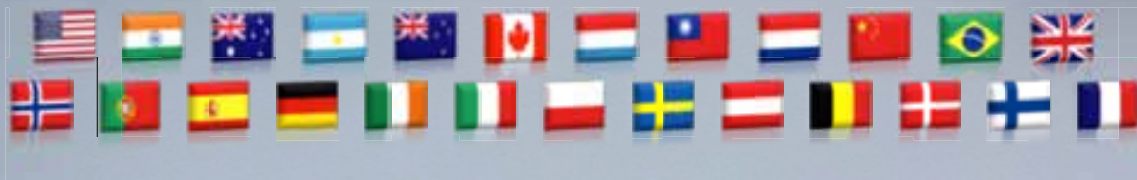
STAPLES, INC. [SPLS:US]

Research Presentation released in May 2014



STAPLES, INC.: THE WORLD'S LARGEST OFFICE PRODUCTS COMPANY

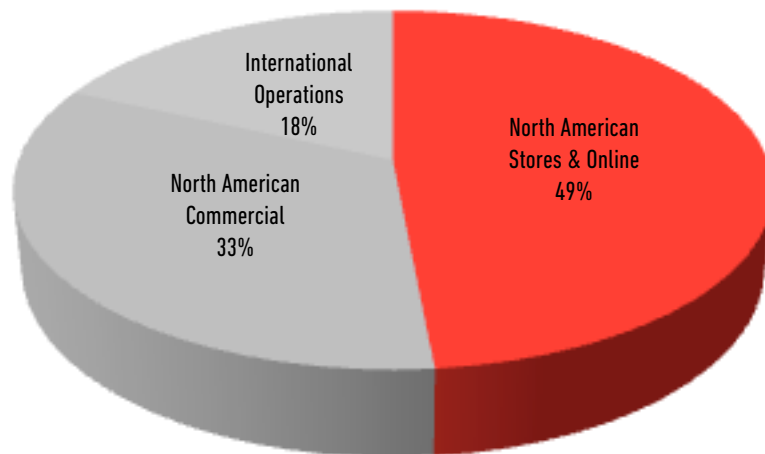
Staples, Inc. is the World's Largest Office Products Company with Operations in 25 Countries.



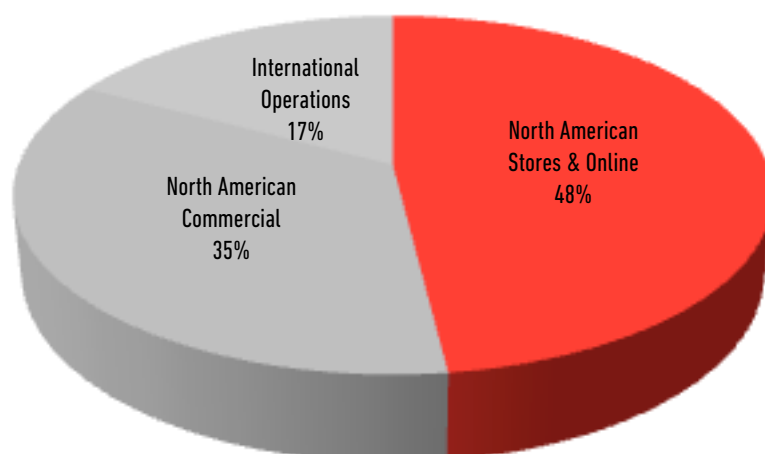
STAPLES, INC: SALES BY BUSINESS UNIT

- The North American and Online businesses dominate total sales at 82% in 2012 and 83% in 2013.

2012

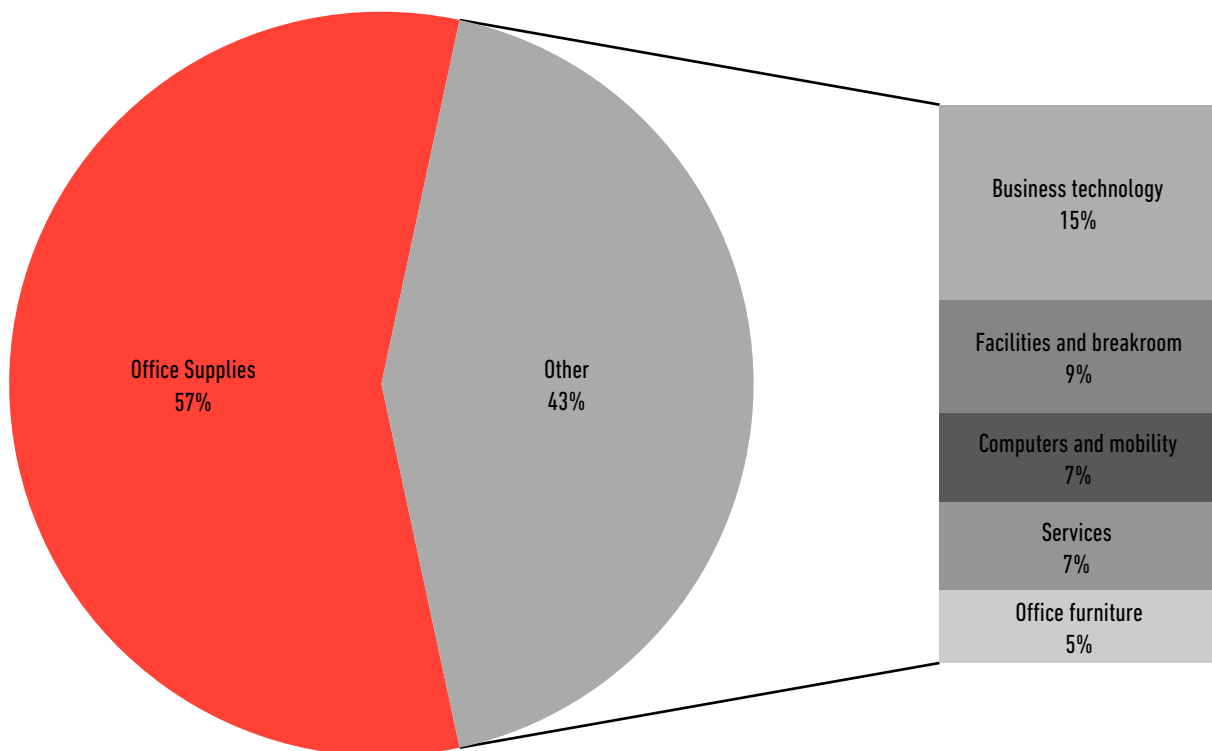


2013



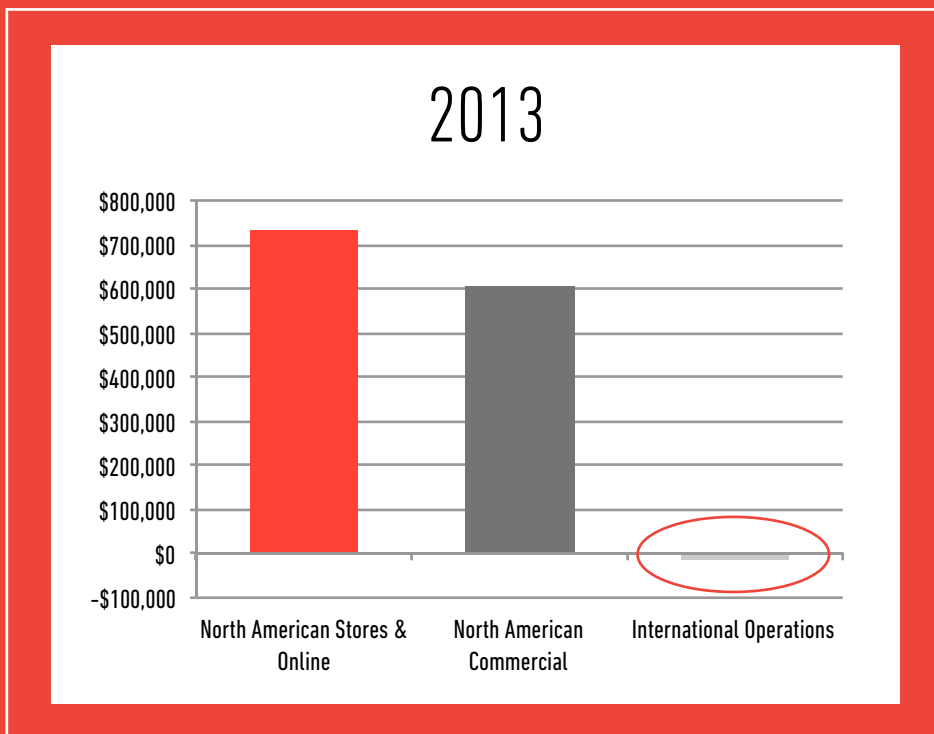
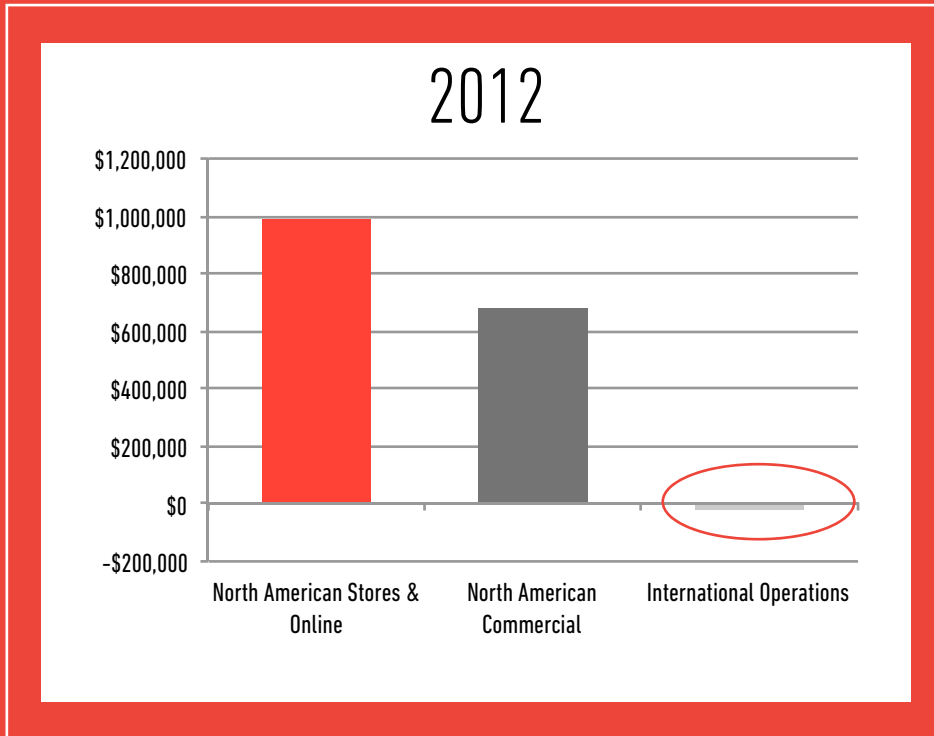
STAPLES, INC.: SALES BY PRODUCT AND SERVICE OFFER

- The Company has aggressively expanded its product and service offering to categories outside its core office supplies category.



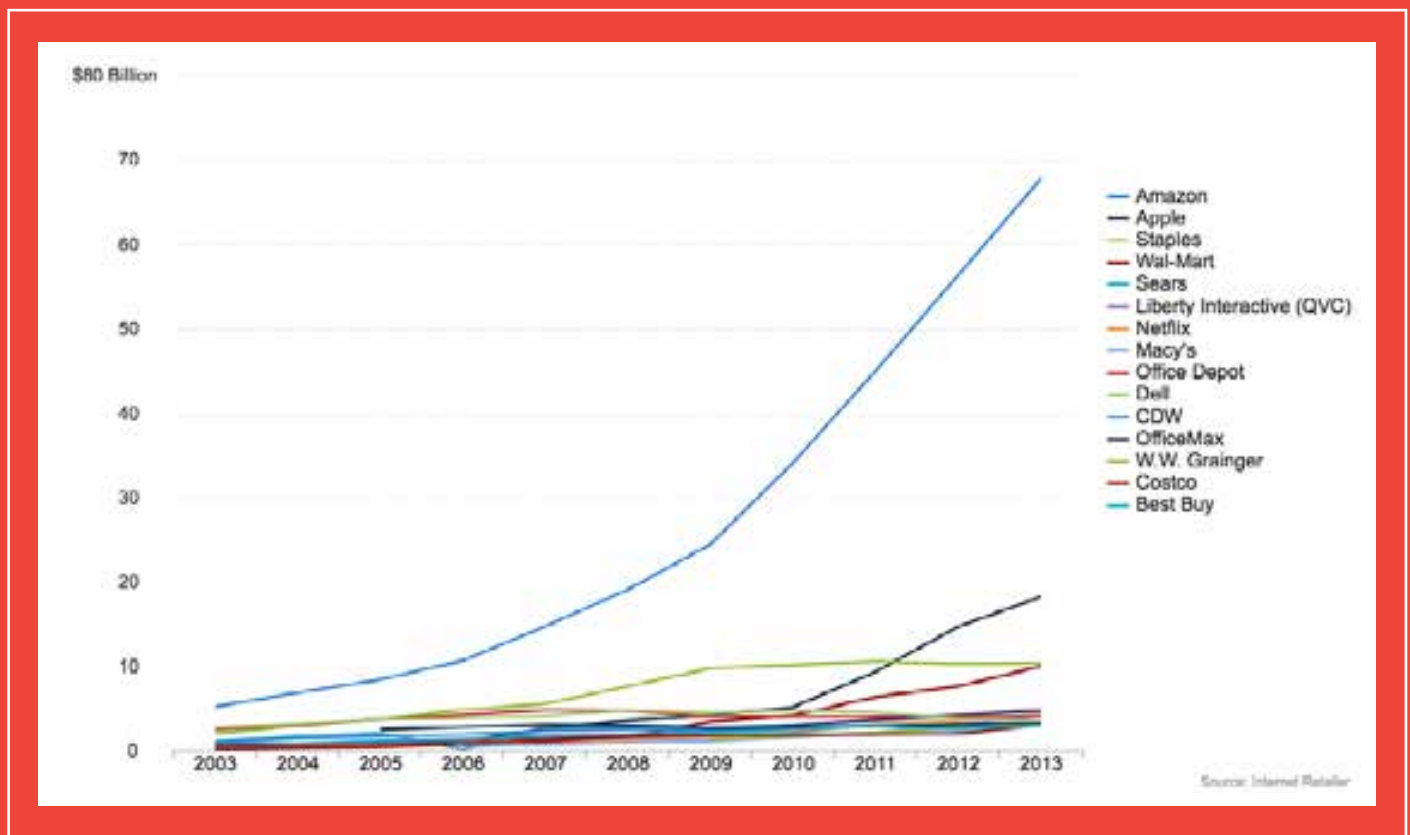
STAPLES, INC.: BUSINESS UNIT INCOME

- The Company has aggressively expanded its product and service offering to categories outside its core office supplies category.



STAPLES, INC: #3 AFTER AMAZON & APPLE IN ONLINE RETAIL

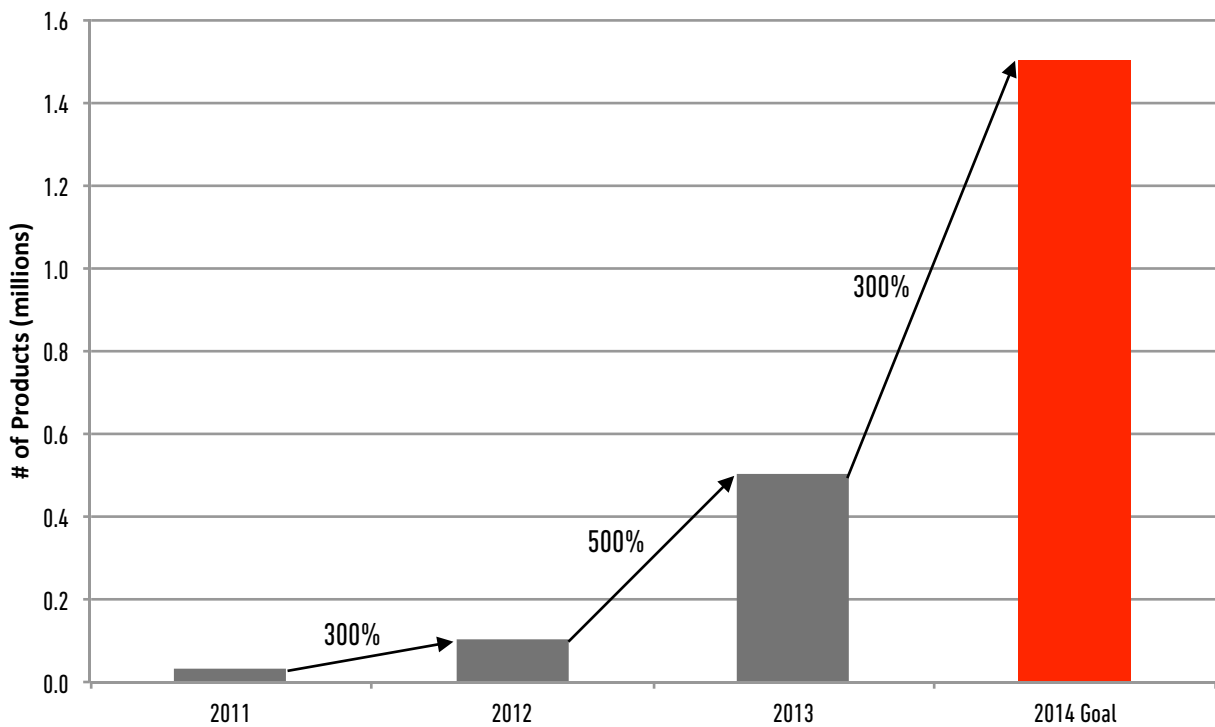
- The Company has aggressively expanded its product and service offering to categories outside its core office supplies category.



STAPLES, INC: EXPANDED ONLINE PRODUCT OFFERING

- Growing in categories beyond office supplies
- # of products on Staples.com increased ~500% in 2013
- On track to increase by a further 300% in 2014

Products Available on Staples.com



STAPLES, INC: EXPANDED STORE SERVICE – 3D PRINTING

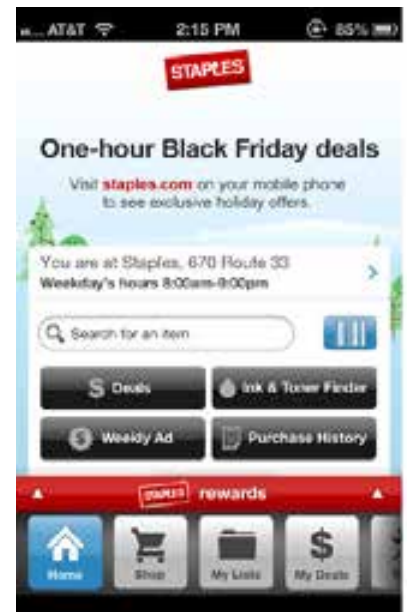
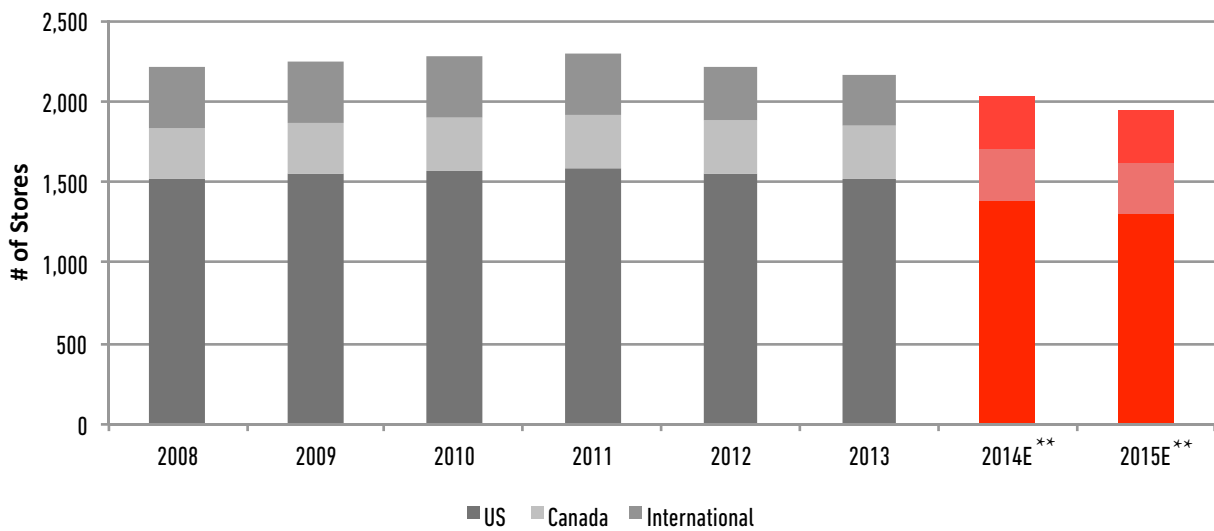
- Lifting copy services to a new dimension



STAPLES, INC: STORE CLOSURES

- Up to 225 North American stores to be closed through 2015*
- Accelerating store relocations and downsizing to new smaller store formats
- Could potentially exit the International business unit and focus its efforts on the profitable North American and Online businesses

Total # of Stores Worldwide



* STAPLES ANNUAL REPORT 2013

** PROJECTED NUMBER OF STORES BASED ON MANAGEMENT COMMENTS ON THE NUMBER OF NORTH AMERICAN STORES TO BE CLOSED THROUGH 2015

STAPLES, INC: POSITIVE INDUSTRY DYNAMICS IN CORE US MARKET – MERGER OF OFFICE DEPOT & OFFICE MAX

THE WALL STREET JOURNAL

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Office Depot to Close at Least 400 U.S. Stores
 Profit Projection Raised, but Sales Trends Are Negative

By **MICHAEL CALIA** and **BREW FOSTER**
 Updated May 6, 2014 10:47 a.m. ET

Office Depot Inc. plans to close at least 400 stores in the U.S. as sales continue to slide. The company raised its profit projection for the year to at least \$100 million, excluding costs tied to events such as store closings. The closures stem from the one-lap race by last year's merger with OfficeMax, the company said. The retailer currently has 1,900 stores in the U.S.

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BROWSE TOPICS ARCHIVES AUTHORS MY ACCOUNT

Top Ten Business Deals of 2013: Office Depot – Office Max

By **REITH LUTZ** | ON 11/20/13 | 14773 | DEALMAKING

Office Depot's \$276 million, all-stock acquisition of OfficeMax, announced on February 20 and completed on November 5, was widely praised as an important step toward consolidating the office-supply industry, which has suffered from a glut of stores amidst competition from online retailers and declining demand for paper and ink.

Somewhat lost in the praise was the potential impact of Office Depot and OfficeMax's merger on their rival, Staples. The day after the merger announcement, shares of Staples rose 1.5%. That reflected a market capitalization gain of \$1.1 billion—about three times the amount of the combined \$314 million gain for Office Depot and OfficeMax.

"If there are benefits from this office-supply-store merger, investors seem to be saying that they are going to Staples," wrote Justin Lahart in the Wall Street Journal. The merger known as "OfficeOffice" is likely to close stores and lessen the pressure of market over saturation on Staples, which could also snare new corporate customers if the integration gets off to a rocky start.

The story points to the importance of considering how the outcome of your negotiation will affect outside parties, including your rivals. Will benefits accrued by outside parties outweigh any gains you expect to receive? Could these benefits allow the outsider to sabotage your best-laid plans? Assess in advance whether there will be enough value to go around—or if you could lose in the long run to a newly bolstered competitor.


FALL 2013 & SPRING 2014 PROGRAMS

- Full Seminar Brochure
- Register Online (Fall)
- Spring Seminar Brochure
- Register Online (Spring)
- Read More

SUMMER PROGRAMS

- Download Brochure

- “Industry Consolidation”: There are several recent examples of the benefits of industry consolidation accruing to shareholders NOT to consumers:
 - Rental Car Industry
 - US Airline Industry
- Since consolidation occurred in these industries, returns on capital employed have improved and so have valuations
- On the flip-side, one only needs to look to the New Zealand & French telecommunications markets and the destabilising impact that Two Degrees and Iliad had in the respective mobile markets to understand the benefits of industry consolidation



November 5, 2013

Dear Valued Customer,

Great news! Today, we announced the highly anticipated news that the merger transaction between OfficeMax and Office Depot has closed and we are now one company. Better together, we are fully committed to setting a new standard for serving the workplaces of today and tomorrow through innovation in products and services, and exceptional customer experiences. For a copy of the news release, visit the “News” section of our merger information hub at www.officedepotmaxmerger.com.

Bringing together the best of Office Depot and OfficeMax, the new Office Depot, Inc. is a resource and a catalyst to help customers work better. We are a single source for all the things customers need to make their workplaces more productive, including the latest technology, core office supplies, print and document services, business services, facilities products, and furniture. We serve business customers through a dedicated business-to-business sales organization and award-winning e-commerce sites. Together, Office Depot and OfficeMax will deliver better experiences for customers: more choices, broader access, dedicated service, everyday value, and a future filled with innovation in every aspect of our business.


We will:

- Offer a broader portfolio of the right products and services to help customers enhance the performance and efficiency of their organizations;
- Build on our leading digital platforms, enhance our omni-channel capabilities and expand our global reach to serve customers whenever, wherever and however they choose;
- Serve a wide range of customers, including multinational corporations, government agencies, educational institutions and small business owners with committed, dedicated service; and
- Bring continued value to our customers through high-performing products and services, and the efficiency of dealing with a single source for multinational purchasing needs.


We consider the relationships we have with our customers to be the single most important aspect of our business. Serving our customers seamlessly with no disruption in service is our top priority. Service and product enhancements will be developed over the coming months based on further elevating the customer experience. You can expect ‘business as usual’ until we have an opportunity to evaluate and properly plan for enhancements for the future. We will update you on our progress and communicate any developments well in advance of implementation.

We will be where our customers are with the workplace products, services, technology, and support they need to be successful. Our entire team is committed to timely and flawless execution as we bring our two companies together. We value your business and your loyalty and look forward to an exciting future together.

Sincerely,



Steve Calkins
SVP, Office Depot Business Solutions Division

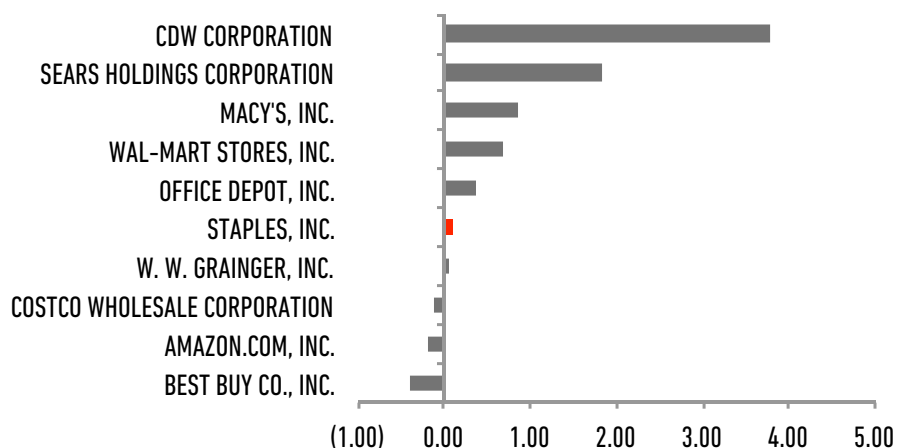


John Kenning
EVP, President-OfficeMax Workplace

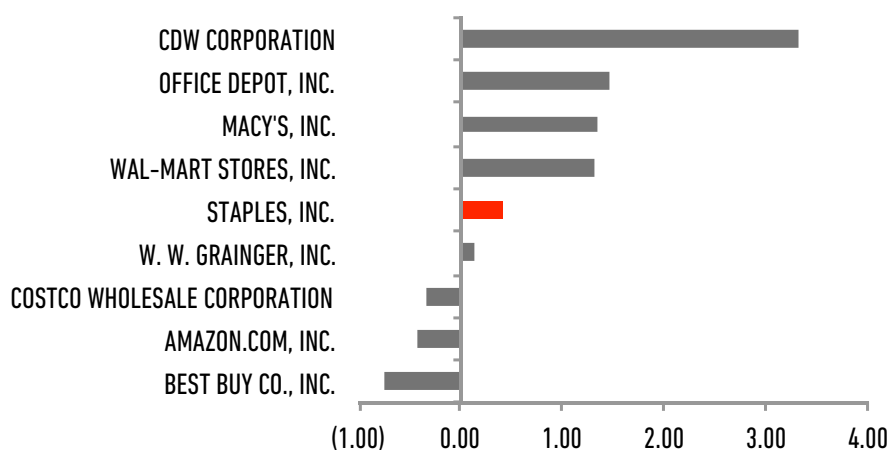
STAPLES, INC.: FINANCIAL LEVERAGE

- Staples is 86% less leveraged than its peer group average based on the Net Debt/Equity ratio
- Staples' Net Debt is ONLY 0.41x next year's estimated EBITDA

Net Debt/Equity

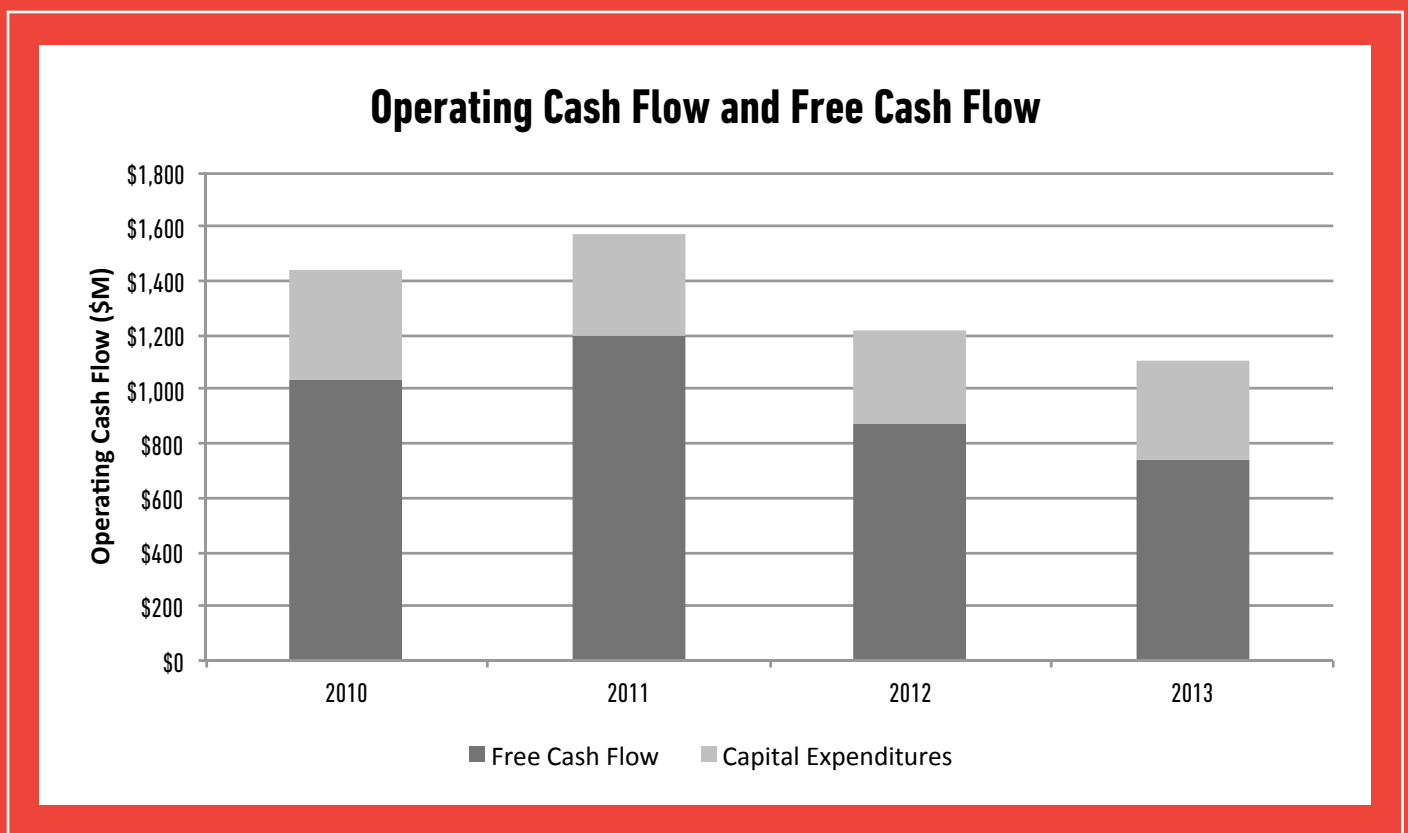


Net Debt/EBITDA FY1



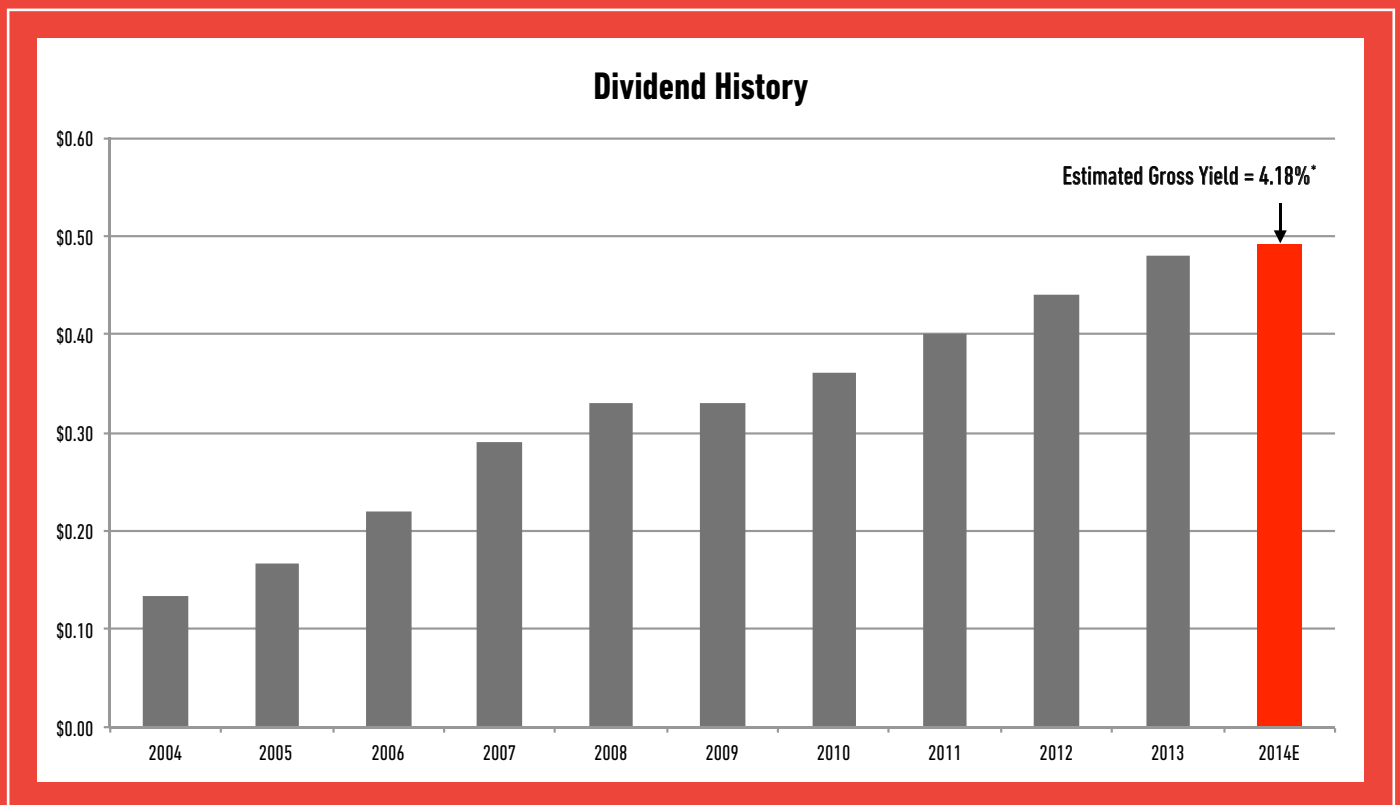
STAPLES, INC.: CASH FLOW

- In the short term cash flow has been impacted by restructuring charges and store closures. We anticipate that the impact will continue into 2013/14
- Potential recovery in cash flow generation in 2015 if restructuring and store closures ease



STAPLES, INC: DIVIDEND HISTORY

- 12.6% compound rate of dividend growth since 2004

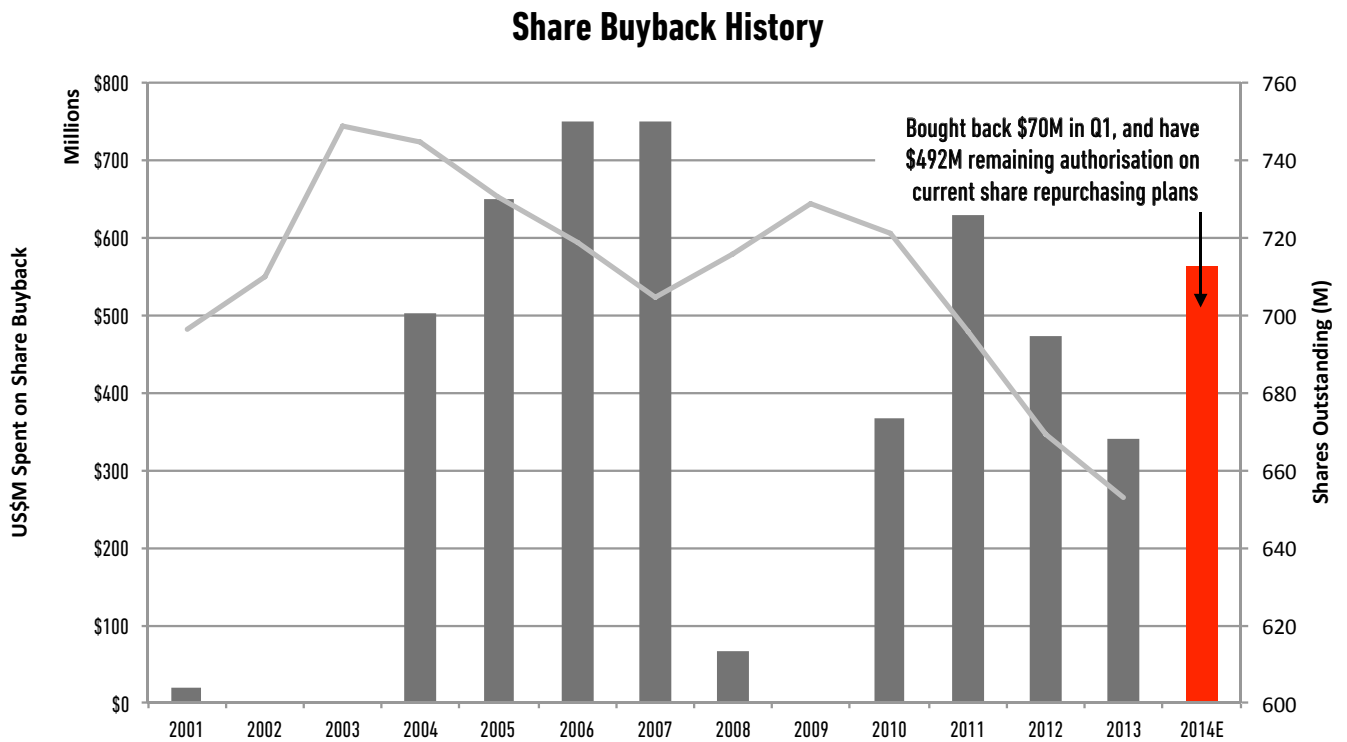


DATA SOURCE: THOMSON REUTERS EIKON

* STOCK PRICE AS AT 21 MAY 2014, STARMINE FORECAST DIVIDEND FOR FY2014

STAPLES, INC: SHARE BUYBACK HISTORY

- Reduced shares outstanding by 13% since 2003



STAPLES, INC: RELATIVE VALUATION

- Staples is the cheapest among the four largest online retailers based on traditional valuation metrics
- It is also cheaper than the post-merger Office Depot

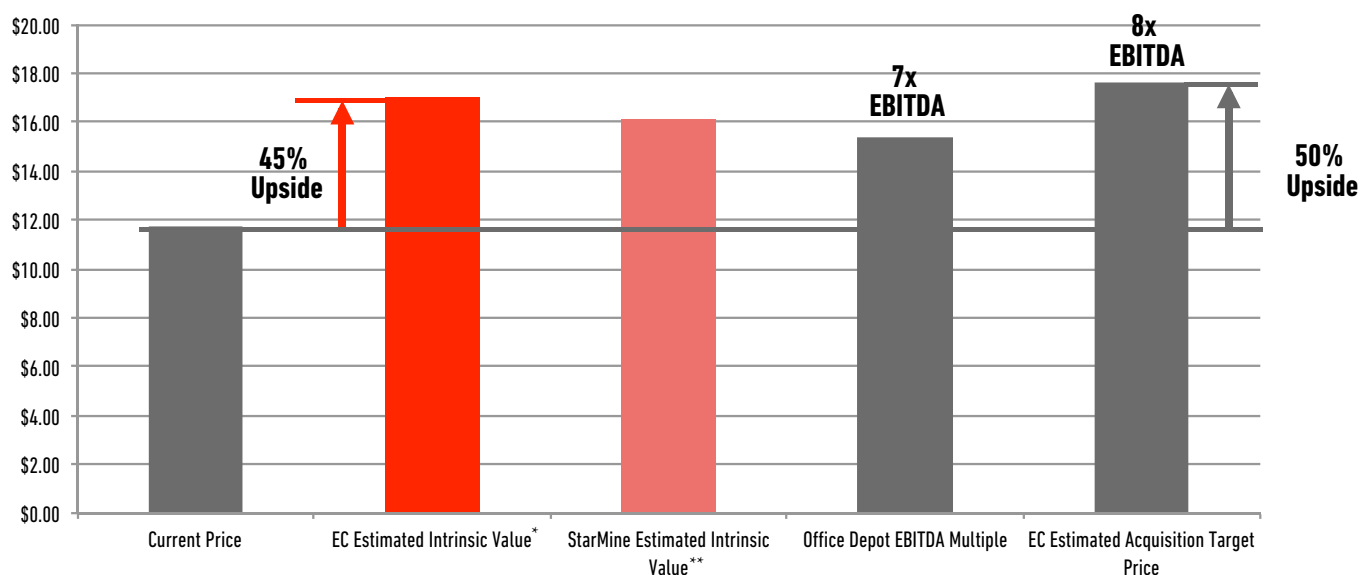
	Amazon	Apple	Staples	Wal-Mart	Office Depot
EV/Sales (FY1)	1.5x	2.7x	0.4x	0.6x	0.2x
EV/EBITDA (FY1)	27.7x	8.3x	5.5x	8.0x	7.0x
Price/Earnings (FY1)	280x	13.8x	11.7x	14.6x	32.8x
Price/Sales (FY1)	1.5x	2.9x	0.3x	0.5x	0.2x
Price/Cash Flow (FY1)	21.1x	9.8x	6.8x	9.1x	6.8x
Price/Book Value (FY1)	12.6x	4.4x	1.2x	2.9x	1.3x
ROA	2.2%	18.9%	5.7%	8.3%	0.9%
ROE	8.6%	31.5%	10.6%	20.5%	4.2%



DATA SOURCE: THOMSON REUTERS EIKON AS AT 23 MAY 2014

STAPLES, INC: ELEVATION CAPITAL INTRINSIC VALUE ESTIMATES

Valuation Summary



Current Share Price (22/5/14)	\$11.70	Discount to EC Intrinsic Value Estimate	31%
EC Intrinsic Value Estimate*	\$17.03	Upside Potential	45%



*EC INTRINSIC VALUE ESTIMATE FOR STAPLES IS BASED ON A COMBINATION OF EBITDA MULTIPLE SCENARIOS, AND THE HISTORICAL P/E AND EV/EBITDA TRADING AVERAGES

**STARMINE IS A PROPRIETARY THOMSON REUTERS EQUITY RESEARCH AND VALUATION PRODUCT

STAPLES, INC: CONCLUSION

- Turnaround Situation:
 - Reinventing itself from a supplier of office supplies to a supplier of “Every product your business needs to succeed” while rapidly expanding its online offerings
 - Investors with short-term investment horizon not willing to wait for implemented changes to “grab”
- Strong balance sheet and cash flow generation
- Capital return strategy via share buybacks and dividends benefit long-term shareholders
- Valuation/s suggest that the stock is SIGNIFICANTLY undervalued on an absolute and relative basis
- With existing virtual/physical infrastructure, Staples could potentially become a larger player in the online B2C market
- In 2012, it was reported that several private equity firms had expressed an interest in taking the Company private, one of them being Bain Capital which helped to set-up Staples in 1986
- Private equity’s interest could return again as the stock is trading at a low EBITDA multiple (similar to 2012 levels)
- Just matching newly merged Office Depot’s 7x EBITDA multiple implies a price of \$15.34
- An estimated acquisition multiple of 8x EBITDA offers 50%+ upside potential. It is important to note, this would essentially “just” be a mean reversion in price based on historical averages
- A clear “Margin of Safety” is provided by: Balance Sheet Strength, Strong US Market Position, Cash Flow Generation, Capital Return Policy, and a Significant Discount to our assessed Intrinsic Value / Net Asset Value estimates



ELEVATION CAPITAL MANAGEMENT LIMITED

TIFFANY & CO [TIF:US]

Research Presentation released in July 2014

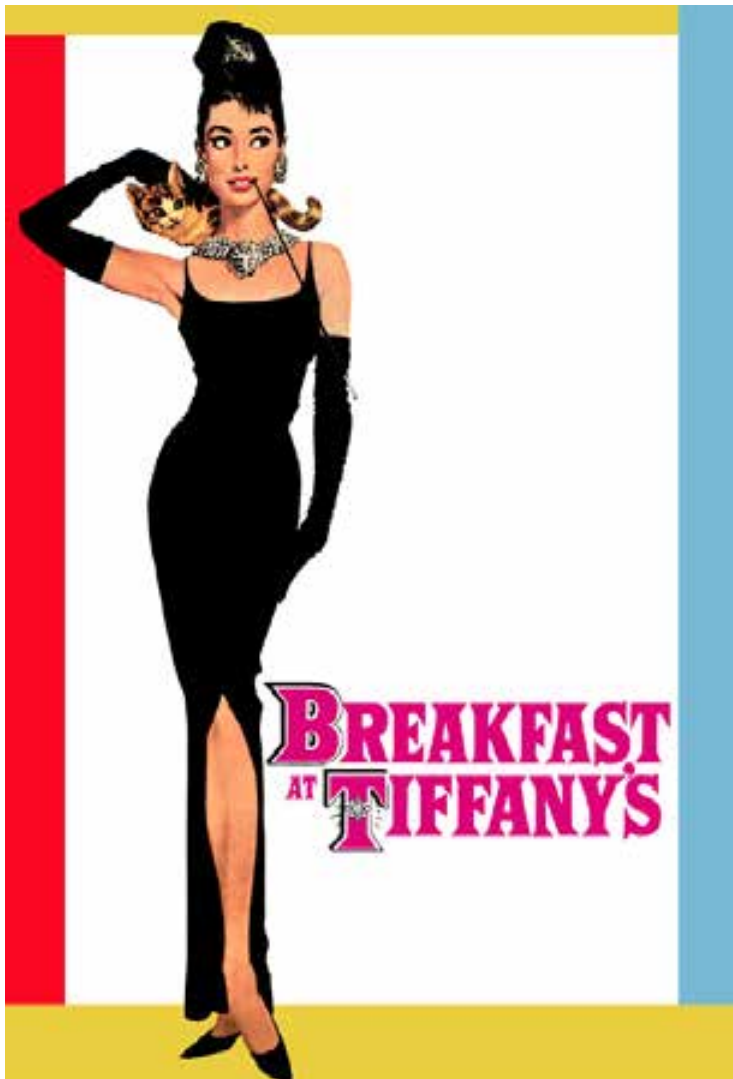




TIFFANY: ARBITER OF TASTE & STYLE



TIFFANY: IMMORTALISED BY 1961 MOVIE “BREAKFAST AT TIFFANY’S”



TIFFANY: FEATURE FILM RENAISSANCE – THE GREAT GATSBY



TIFFANY: TREMENDOUS HUMAN CONNECTION TO THE TIFFANY BRAND



WILL YOU KNOW THAT YOU'VE FOUND THE ONE
A BETTER THAN ANY OTHER PEOPLE ARE ON GODDRESS
AND THAT YOUR LOVE IS MORE THAN
EVERYONE FOR THE REST OF HIS LIFE IF IT WOULD
GET TO HAPPEN TO YOU?

WILL YOU?



TIFFANY & CO.
NEW YORK, BEAUMONT, PARIS

COUPLE BLUE BOX TRUE LOVE RIBBONS DIAMOND ENGAGEMENT RINGS
ELEGANCE ANNIVERSARY AUDREY HEPBURN BREAKFAST AT TIFFANY'S WEDDINGS
TIFFANY'S BLUE GIFT-GIVING LUXURY TIMELESS BEAUTY BIRTHDAYS FRIENDSHIP
ROMANCE LOCK AND KEY CHARM ROBIN'S EGG BLUE STERLING SILVER

TIFFANY: UNIQUE MARKET POSITIONING WITHOUT BRAND DILUTION



Statement, Fine & Solitaire Jewelry

23% OF SALES

Average Price Sold = US\$ 4,600



Engagement Jewelry & Wedding Bands

30% OF SALES

Average Price Sold = US\$ 3,600

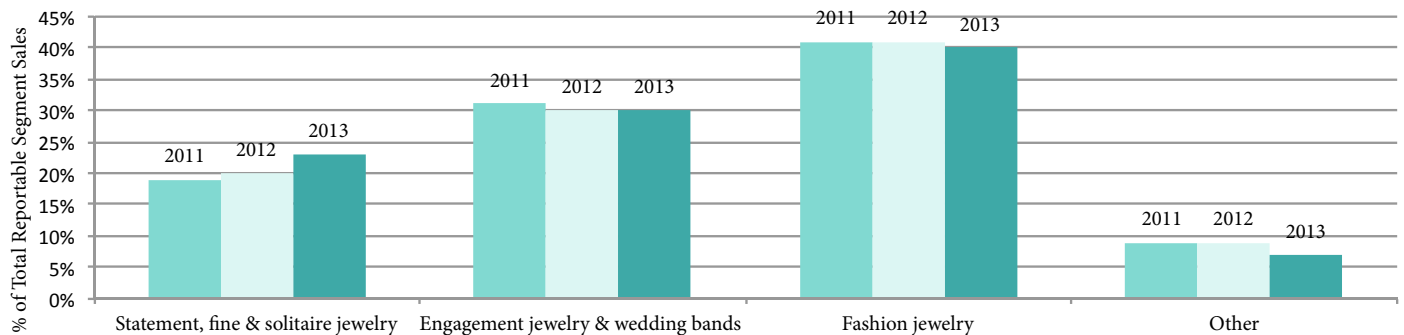


Fashion Jewelry

40% OF SALES

Average Price Sold = US\$ 300

Sales by Reportable Segment



SOURCE: TIFFANY 2013 ANNUAL REPORT

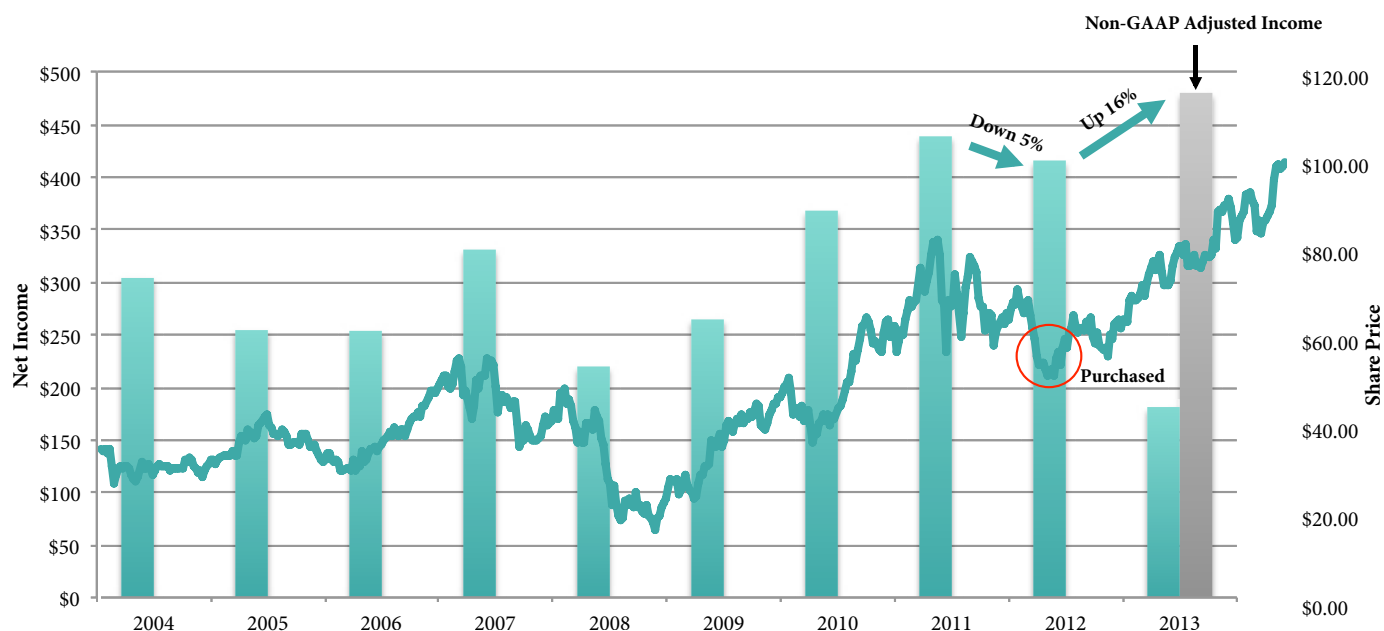
TIFFANY: A DIAMOND IS FOREVER



- Tiffany’s reputation for finding the world’s most spectacular diamonds dates back to 1848. That year, founder Charles Lewis Tiffany acquired caches of important diamonds and other gemstones from Europe in the 19th century—most notably, the French Crown Jewels. This shocking coup caused the American press to quickly dub him “The King of Diamonds.”
- 50% of what the company sells contains a diamond

TIFFANY: NEGATIVE HEADLINES PRESENTED AN OPPORTUNITY

- Swatch Group launched a claim of CHF 3.8B in damages against Tiffany in December 2011
- 2012 was a difficult year with challenging economic conditions and product cost pressures
- Share price declined 40% from US\$ 82.91 (Market Cap = US\$ 10.5B) on 22/7/2011 to \$49.72 (Market Cap = US\$ 6.3B) on 13/7/2012
- Swatch Group has been awarded CHF 402M in damages against Tiffany on 22 December 2013
- Current share price* = \$101.98 (Market Cap = \$13.1B), up 100%+ since our last purchase

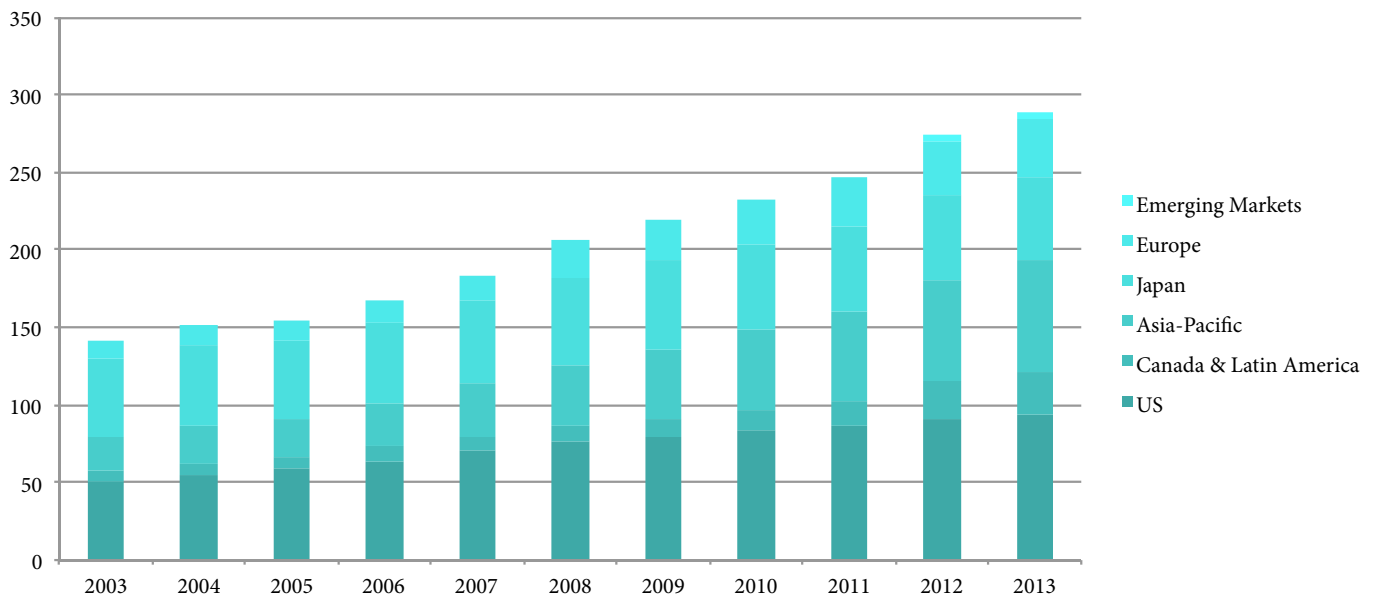


* AS AT 1/7/2014

TIFFANY: CONTINUING EXPANSION IN GROWTH MARKETS

- The key growth opportunities arise from the following regions. The growth in # of stores since 2003 as follows:
 - 227% for Asia-Pacific (ex-Japan), adding 50 stores
 - 286% for Canada & Latin America, adding 20 stores
 - 236% Europe, adding 26 stores
- Recently entered other Emerging Markets: Company-operated stores in UAE in 2012, Russia in 2014
- Forecasting a net 3% increase in Company-operated stores in 2014 (Opened 13 new stores, closed 4 older stores)

of Stores Operated by the Company*



* TIFFANY ANNUAL REPORTS

TIFFANY: EUROPEAN FLAGSHIP STORE OPENED ON CHAMPS-ÉLYSÉE



The opening on the Champs Elysée marks a new milestone in Tiffany's connection to Paris which began in 1850 when the company established its first store.

TIFFANY: REAL ESTATE ASSET - FLAGSHIP STORE ON FIFTH AVENUE, NY

- The only store property the company owns is the Tiffany Flagship Store on Fifth Avenue. It is not mortgaged and is not for sale. The Tiffany diamond is on display at the store – it is in the books for US\$ 18,000 but is worth more than US\$ 20M
- The store was built for Tiffany in 1940. The company did an LBO from Avon and sold the building in the 1980's. They bought the building back from a Japanese corporation in 1999 for US\$ 100M



The newly completed Tiffany Flagship Store in 1940.

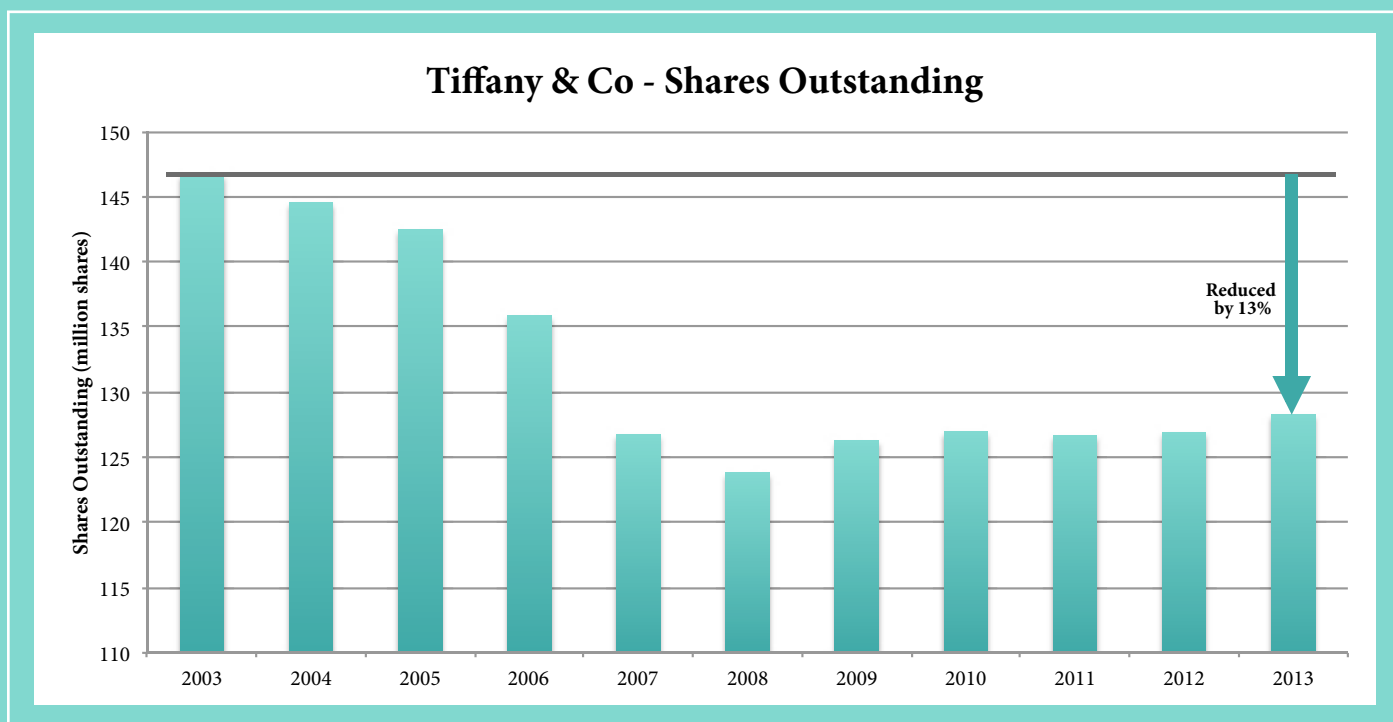


The Tiffany Flagship Store today.



Tiffany Stores around the world

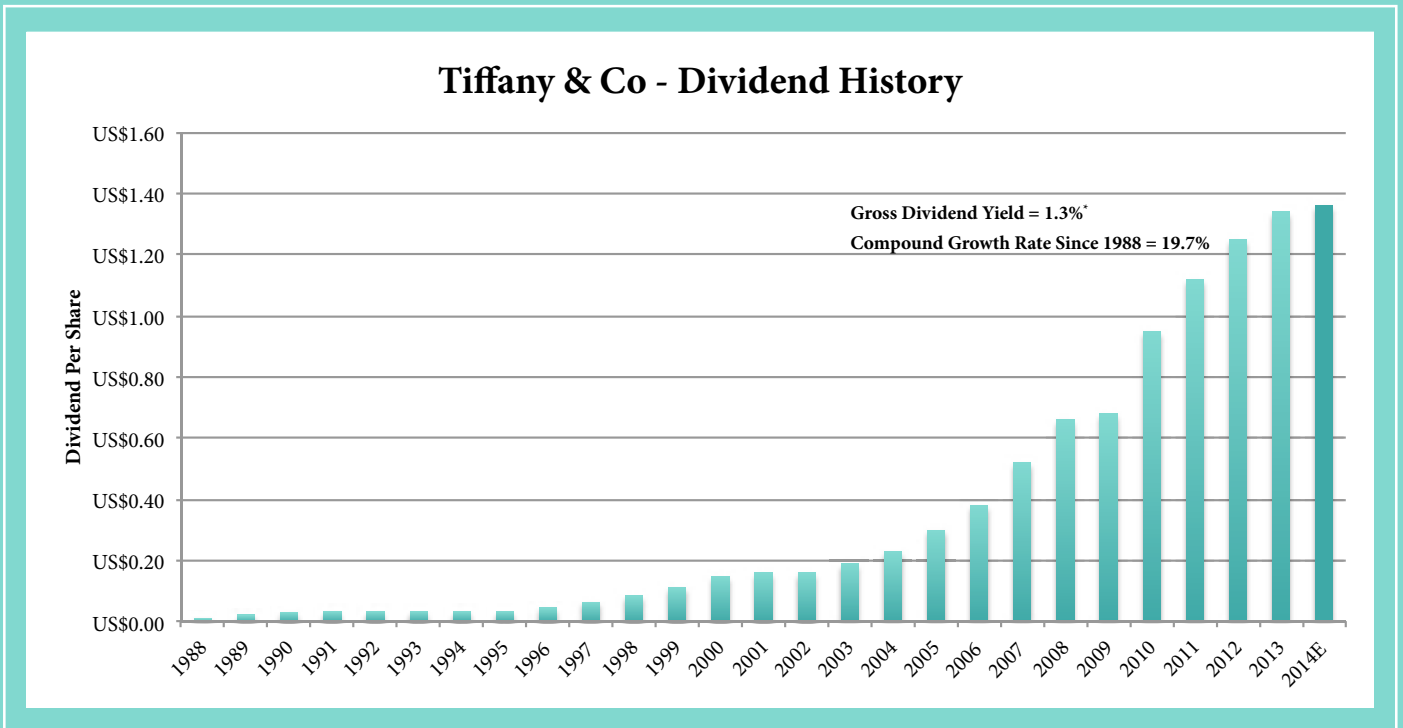
TIFFANY: CAPITAL RETURN VIA SHARE REPURCHASE



“In March 2014, the Company's Board of Directors approved a share repurchase program which authorizes the Company to repurchase up to \$300,000,000 of its Common Stock through open market transactions. Purchases are discretionary and will be made from time to time based on market conditions and the Company's liquidity needs. The program will expire on March 31, 2017. At April 30, 2014, approximately \$292,854,000 remained available for share repurchases under this authorization.”

TIFFANY 2014 Q1 10Q REPORT

TIFFANY: CAPITAL RETURN VIA DIVIDENDS



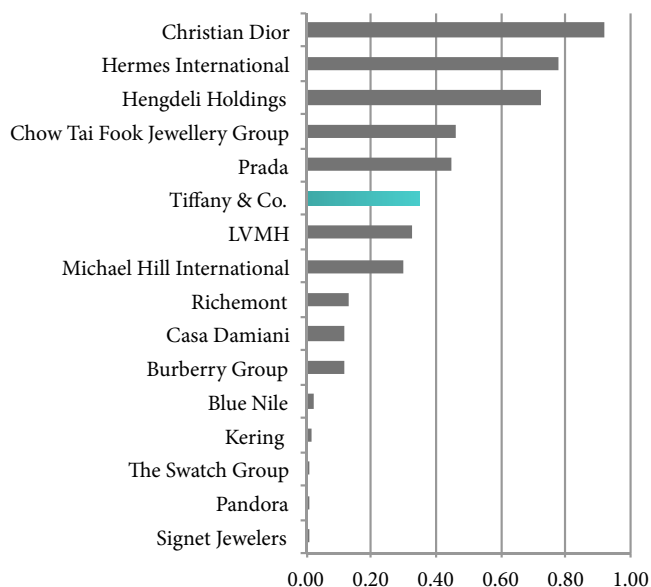
“On May 22, 2014 , the Company’s Board of Directors approved a 12% increase in the quarterly dividend rate, increasing it from \$0.34 per share of Common Stock to a new rate of \$0.38. This dividend will be paid on July 10, 2014 to shareholders of record on June 20, 2014.”

TIFFANY 2014 Q1 10Q REPORT

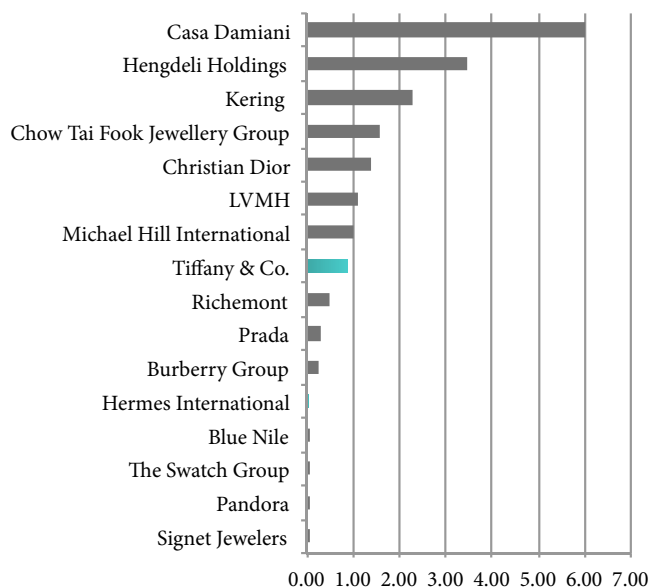
TIFFANY: FINANCIAL LEVERAGE

- The company has higher financial leverage when compared to some global peers. However, on an absolute basis, it is very low (Total Debt/Equity = 0.35x, Net Debt/Equity = 0.21x)*
- The company's Total Debt is relatively low when compared to its forecast EBITDA (0.89x)*

Total Debt/Equity



Total Debt/EBITDA FY1

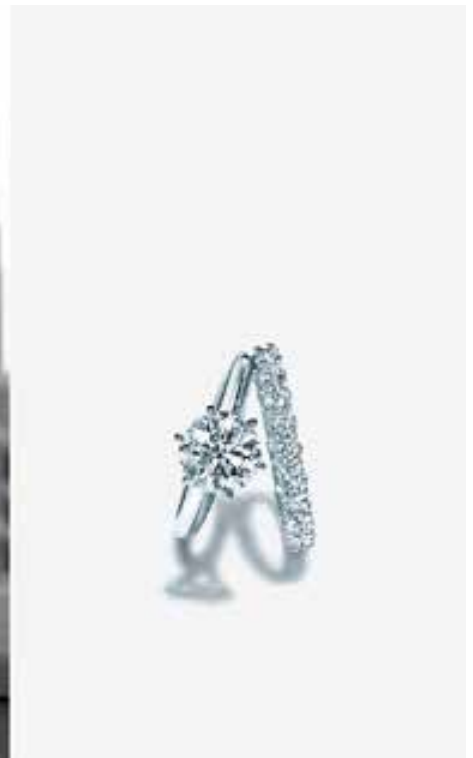
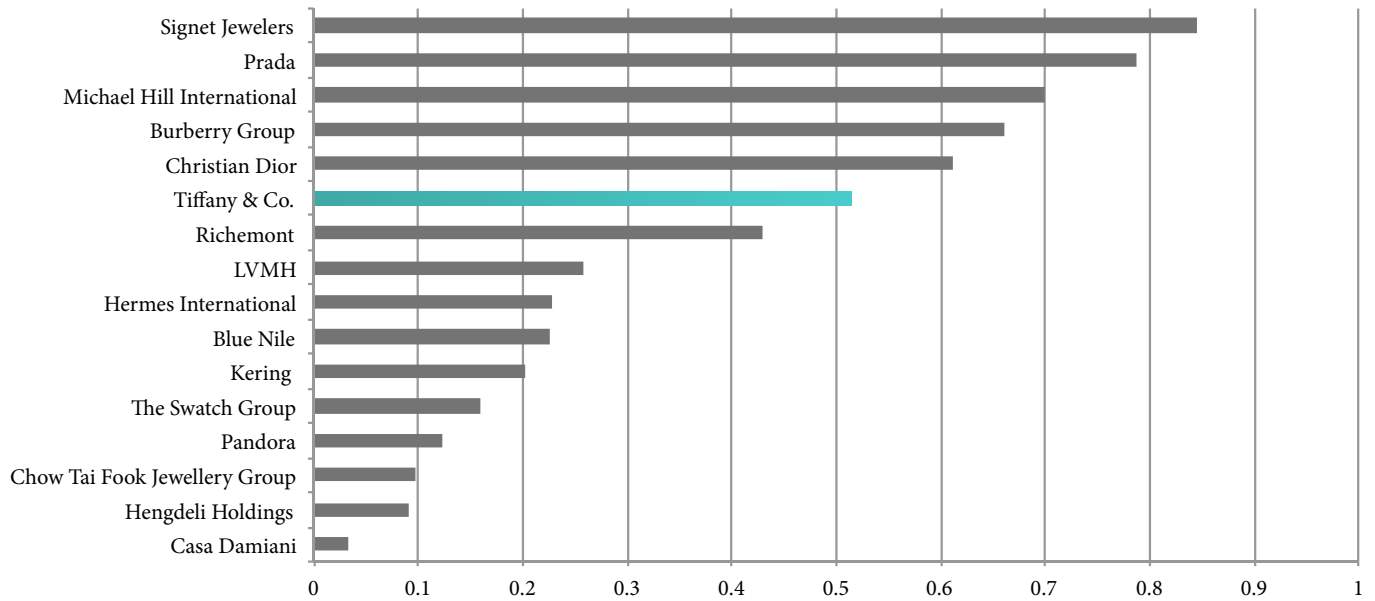


* DATA SOURCE: THOMSON REUTERS AS AT 1/7/2014

TIFFANY: LEASE LIABILITIES

- The company has higher operating lease liability leverage when compared to some global peers, as it leases all its stores except its New York Flagship Store (Operating Lease/Equity = 0.51x)*

Operating Lease/Equity*



* DATA SOURCE: LATEST ANNUAL REPORTS FOR THE COMPANIES IN THE CHART AS AT 7 JULY 2014

TIFFANY: COMPARABLE COMPANIES

- The stock is currently trading at a premium to its peers. However, we believe it deserves a premium because of its strong brand, unique market positioning in product offering and in the opportunity to geographically expand

VALUATION	P/E (TTM)	P/E (NTM)	PRICE / SALES (NTM)	EV / EBITDA (NTM)	PRICE / CF (NTM)	PRICE / BV (NTM)	DIV. YIELD (Latest)
Blue Nile	32.4x	29.0x	0.7x	8.4x	18.1x	11.9x	0.0%
Burberry Group	19.4x	18.7x	2.5x	10.3x	12.7x	4.6x	2.2%
Casa Damiani	n/a	48.9x	0.7x	12.5x	16.3x	1.9x	0.0%
Chow Tai Fook	16.1x	15.0x	1.4x	11.0x	16.1x	2.7x	3.0%
Christian Dior	15.6x	15.1x	0.8x	3.5x	4.6x	1.4x	1.7%
Hengdeli Holdings	11.1x	9.1x	0.4x	5.0x	5.4x	0.8x	2.3%
Hermes International	34.4x	31.0x	6.6x	17.8x	26.9x	6.7x	1.0%
Kering	16.2x	14.9x	1.9x	10.4x	12.1x	1.7x	2.3%
LVMH	19.4x	17.8x	2.2x	9.3x	13.5x	2.3x	2.2%
Pandora	21.1x	16.4x	4.7x	12.8x	16.9x	8.0x	1.6%
Prada	21.2	19.5x	3.4x	10.2x	14.4x	4.2x	2.1%
Richemont	20.2x	18.6x	3.4x	12.3x	16.6x	3.2x	1.5%
Signet	23.0x	20.1x	1.8x	10.5x	18.6x	3.0x	0.7%
The Swatch Group	15.6x	15.4x	3.0x	10.1x	15.5x	2.5x	1.4%
Tiffany	25.8x	22.2x	2.9x	11.4x	18.3x	4.1x	1.3%
Peer Group Median Average	19.5x	18.3x	2.1x	10.4x	15.9x	2.9x	1.6%



DATA SOURCE: THOMSON REUTERS EIKON AS AT 3/7/2014

TIFFANY: LVMH'S ACQUISITION OF BULGARI

- LVMH acquired Bulgari in 2011 for €4.3B, which was 25x TTM EBITDA (or forecast 22x NTM EBITDA)*

THE WALL STREET JOURNAL. | MARKETS

HEARD ON THE STREET

LVMH's Highly Priced Bulgari Jewel

By RENÉE SCHULTES

Updated March 8, 2011 12:01 a.m. ET

As befits a high-end jeweler, [Bulgari](#) has secured a top price.

LVMH Moët Hennessy Louis Vuitton offered €4.3 billion (\$6.01 billion) for the Italian jeweler, including debt, on Monday, valuing it at an eye-watering 22 times forecast 2011 earnings before interest, taxes, depreciation and amortization, or Ebitda, well above LVMH's 10 times valuation. While Bulgari might prove a jewel in the strategic sense, the financial returns appear significantly less mesmerizing.



* [HTTP://WWW.BLOOMBERG.COM/NEWS/2011-03-07/BULGARI-FAMILY-AGREES-TO-SELL-A-CONTROLLING-STAKE-TO-LVMH-IN-SHARE-SWAP.HTML](http://www.bloomberg.com/news/2011-03-07/bulgari-family-agrees-to-sell-a-controlling-stake-to-lvmh-in-share-swap.html)

TIFFANY: EV/EBITDA VALUATION

- Our weighted Intrinsic Value estimate, based on forecast FY2014 Revenue and EBITDA, and applying reasonable EBITDA multiples and probabilities, suggest that the stock is currently trading at a 19% discount, with an upside potential of 24%
- Signet acquired Zale in February 2014 for US\$ 1.4B (TTM EBITDA Multiple of 15.0x)*

	2014E (Standalone)	2014E (Acquisition Target - Neutral)	2014E (Acquisition Target - Optimistic)
Revenue**	\$4,389M	\$4,389M	\$4,389M
EBITDA Estimate**	\$1,116M	\$1,116M	\$1,116M
EBITDA Margin	25.4%	25.4%	25.4%
EBITDA Multiple To Apply	13x	17x	20x
Estimated Intrinsic Value Per Share	\$107.58	\$142.17	\$168.11
Premium/Discount to Intrinsic Value Estimate	5% Discount	28% Discount	39% Discount
Upside/Down Potential	5% Upside	39% Upside	65% Upside
Probability	60%	20%	20%
Weighted Intrinsic Value Contribution	\$64.55	\$28.43	\$33.62
Weighted Intrinsic Value Estimate	\$126.60 = (\$64.55 + \$28.43 + \$33.62)		
Share Price (1/7/2014)	\$101.98 (Discount to Intrinsic Value Estimate = 19%, Upside Potential = 24%)		



* SOURCE: THOMSON REUTERS

** DATA SOURCE: THOMSON REUTERS AS AT 3/7/2014

TIFFANY: ELEVATION CAPITAL'S VALUATION

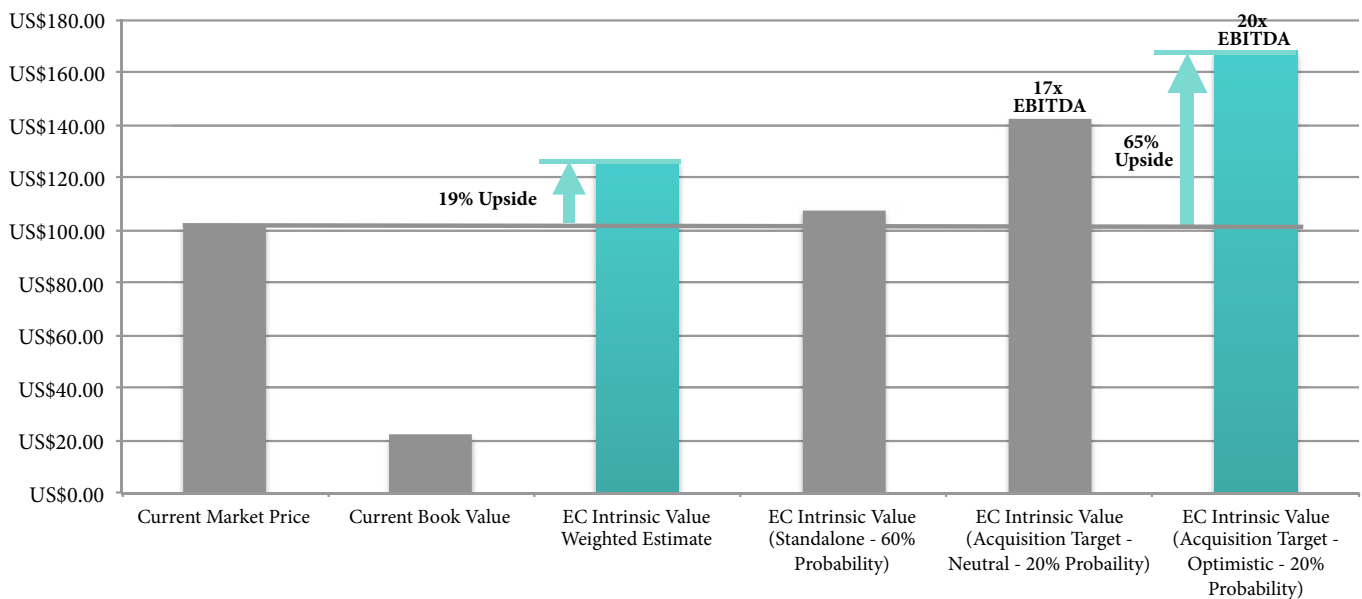
Elevation Capital Estimated
Intrinsic Value Range:

US\$ 107.58
- US\$ 168.11
PER SHARE

Upside/Downside Potential
Range:

+5% -
+65%

Valuation Summary



TIFFANY: KEY RISKS

CHANGES IN COSTS OF DIAMONDS AND PRECIOUS METALS

- A high precious metal and diamond costs could significantly impact the profitability of the company, as the company experienced in 2012

CONTINUING CHALLENGING GLOBAL ECONOMIC CONDITIONS

- The consumer discretionary business is very sensitive to changes in economic conditions and consumer confidence

FOREIGN CURRENCIES

- 52% of the revenue is generated outside the Americas. Therefore, the business is exposed to market risk from fluctuations in foreign currency exchange rates

COUNTERFEITS

- There are significant counterfeit operations and markets for Tiffany products, especially in Asia and now available on the internet



TIFFANY: ELEVATION CAPITAL'S VIEW

MOVING ON FROM SWATCH LAWSUIT

- The financial impact from the Swatch lawsuit has now been quantified at CHF 402M
- The company is proceeding with the development of its own watch business
- Re-launching of the watch business globally in 1H 2015 (watch sales used to be 10% of the business in the 1980's/1990's)

2013 IS GREAT, Q1 2014 IS TERRIFIC

- 2013 worldwide net sale +6% to US\$ 4.0B
- 2013 free cash flow of US\$ 300M
- 2014 Q1 worldwide net sale +13% to US\$ 1B due to solid growth across all regions and jewelry categories
- 2014 Q1 net earnings increased 50%



WILL YOU LET ME BE THE GUY YOU DRINK BOORBOM
WITH AND THE GUY YOU THROW GREAT
PARTIES WITH EVEN WHEN WE DON'T INVITE ANYONE?
ESPECIALLY WHEN WE DON'T INVITE ANYONE?

WILL YOU?



TIFFANY & CO.
NEW YORK SINCE 1837

MARGIN OF SAFETY

- Prestige brand
- Unique market positioning that diversifies customer base without brand dilution
- Diversified geographical markets with some exposure to emerging markets
- Significant growth potential remaining
- Strong balance sheet
- Strong cash flow generating capability
- Share price still trading at a discount (~14%) to our Weighted Intrinsic Value Estimate



TIFFANY: CONCLUSION

CONCLUSION

- Tiffany – A Prestige Brand
 - The brand carries the meaning of quality, value, and prestige
 - The brand is very identifiable to the consumers
 - There is tremendous human connection to the brand
- Growth Opportunity
 - New growth opportunity in gold and silver jewelry business at entry price points of US\$ 400 – US\$ 500 (versus US\$ 200 today)
 - The watch business that will be re-launched globally in 1H 2015 (it used to be 10% of the business in the 1980's and 1990's)
 - Geographical expansion in Asia-Pacific (ex-Japan), Europe, Latin America and other Emerging Markets
- Value Creation
 - Sustainable long-term growth in business will create significant value for long-term minded shareholders
 - Any potential suiters will need to pay a significant premium to acquire this wonderful business franchise
 - The stock remains undervalued despite the share price doubling in the last 24 months
 - Upside potential range = 5% - 39% from current price of \$101.98 Based on Elevation Capital Intrinsic Value estimates



What They're Wearing This Year



1886



1944

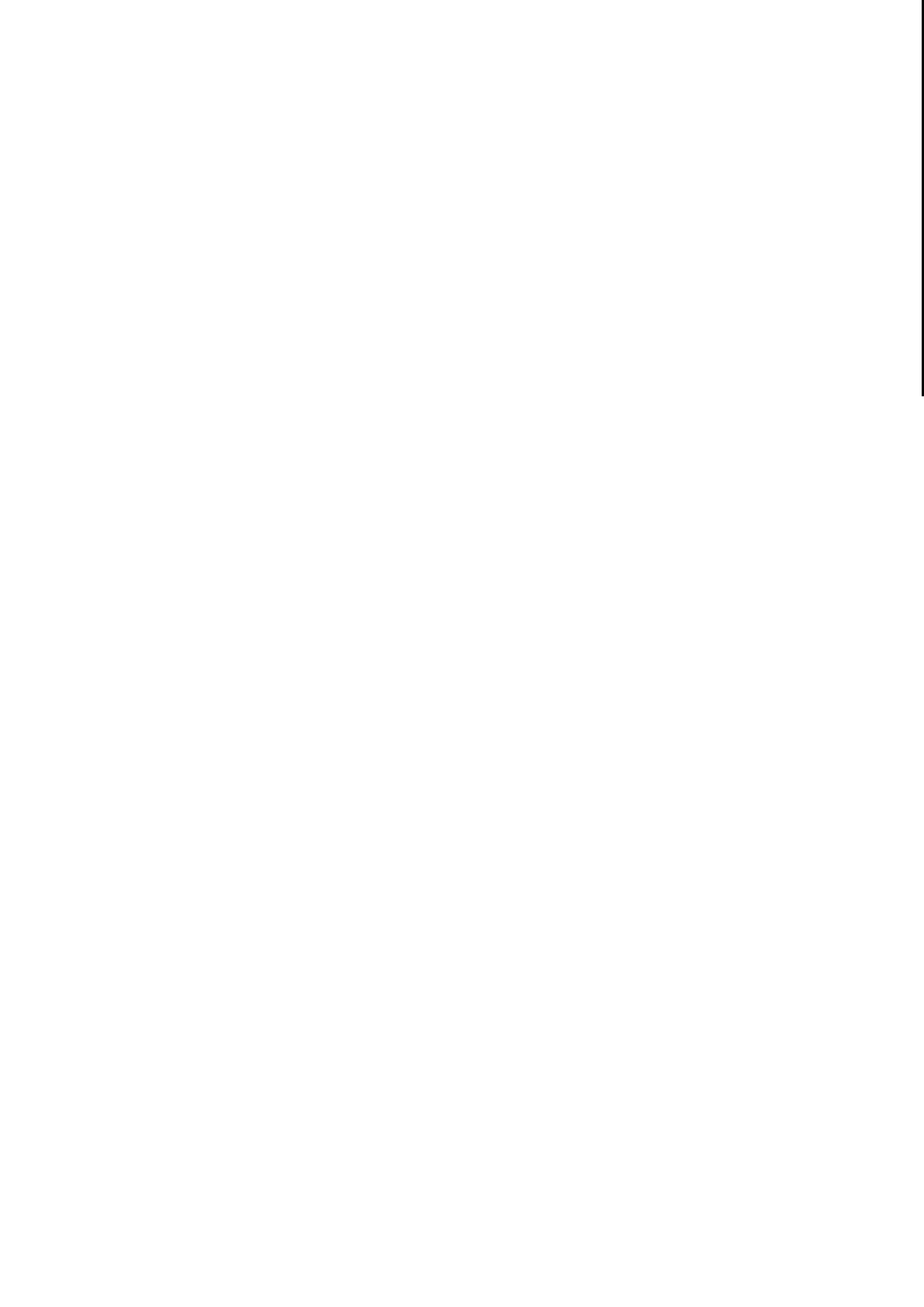


1968



2013

TIFFANY & CO.
NEW YORK SINCE 1837



ELEVATION CAPITAL MANAGEMENT LIMITED

TOD'S SPA [TOD:IM]

Research Presentation released in August 2014





TOD'S SPA: ITALIAN STYLE

TOD'S SPA IS ONE OF THE
LEADING GLOBAL PLAYERS
THAT PRODUCES AND SELLS
SHOES, LUXURY LEATHER
GOODS AND CASUAL WEAR.

TOD'S SPA: HISTORY

1900s In the early 1900's Filippo Della Valle, Grandfather of current Chairman and CEO Diego Della Valle, founds a small shoe workshop in Le Marche, Eastern Italy.

1940s From the 1940's the business began exporting shoes to markets outside Italy and Europe, supplying private label shoes to American outlets including Neiman Marcus and Saks Fifth Avenue.

1970s Over the next ten years, Diego Della Valle took charge of the operations of Tod's and immediately recognised the potential of the business he had inherited. Instead of selling shoes to department stores under a private label agreement, he realised that he must develop a recognisable brand to realise the potential of the business, thus the brand Tod's was formed.

1980s In order to diversify Tod's product range, Diego Della Valle developed two new brands during the 70's and 80's, Hogan and Fay. Hogan produces shoes, leather goods, accessories and clothing while Fay is a manufacturer of high end casual wear.

2000 Tod's held an IPO in November, 2000, raising € 210M.

2003 During 2003, Diego Della Valle personally purchased the rights to the Roger Vivier brand and licensed the brand to Tod's.



TOD'S SPA: DIEGO DELLA VALLE



CHAIRMAN AND CEO OF TOD'S

- The grandson of Filippo Della Valle, who started his shoemaking business in the 1920s
- The New Yorker called him the "Italian Ralph Lauren"
- After inheriting the business from his father, Diego successfully expanded the business and built the now famous Tod's brand

MAJORITY AND CONTROLLING OWNER

- Diego Della Valle owns 56.76% of Tod's
- He also owns the Roger Vivier brand which Tod's currently holds the global licence for

INFLUENTIAL IN THE GLOBAL FASHION AND LUXURY INDUSTRY

- He is on the Board of Directors of LVMH and Ferrari
- The former is a connection which we suggest may eventually champion a takeover bid from LVMH
- The latter has led to collaboration, with Tod's producing a line of shoes and leather goods with the Ferrari brand

TOD'S SPA: BRAND PORTFOLIO



60% OF SALES



22% OF SALES



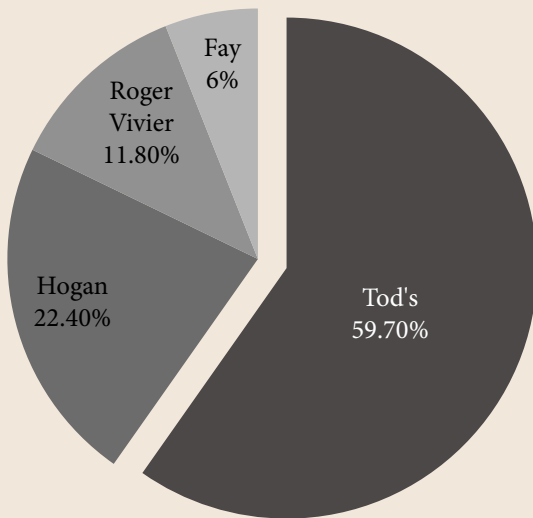
12% OF SALES



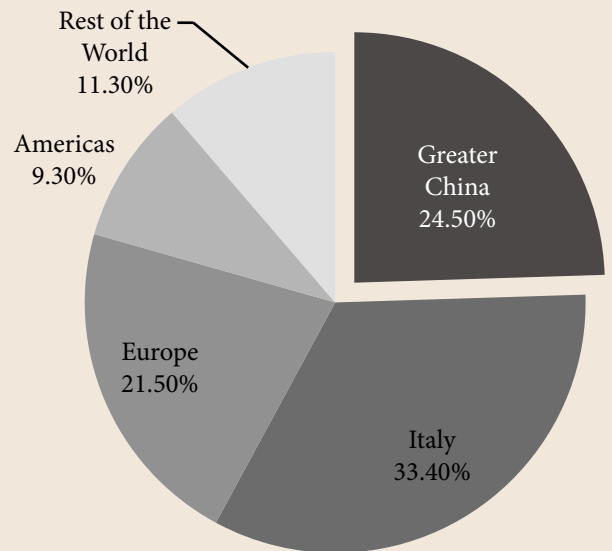
6% OF SALES

TOD'S SPA: REVENUE BREAKDOWN

Revenue by Brand



Revenue by Region



- Tod's makes up ~60% of revenue, while Hogan and Roger Vivier make up 22.4% and 11.8% respectively (and growing)
- Italy and Europe make up ~55% of revenue, while Greater China contributes ~24.5%
- Shoes are the most important part of Tod's product portfolio, making up ~76.5% of revenue

TOD'S SPA: SECTOR WEAKNESS PRESENTS A LONG-TERM OPPORTUNITY

Tod's Share Price since January 2009

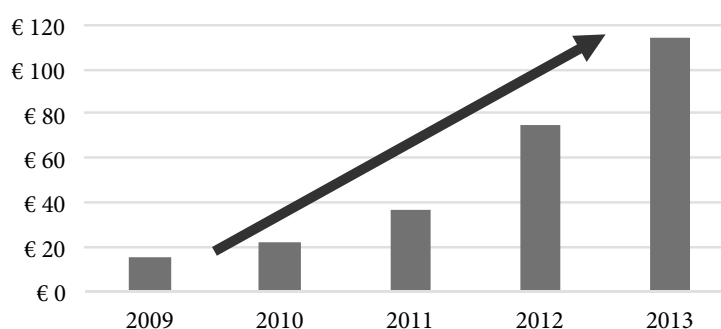


- The luxury sector has experienced softer results over the past year. As a result, the majority of luxury firms have experienced a sell-off
- Tod's share price has declined 48% from its recent high – €145.50 (Market Cap = €4.5B) – 16/8/2013 to €75.00 (Market Cap = €2.3B) – 8/8/2014

TOD'S SPA: KEY OPPORTUNITIES / ROGER VIVIER – HIGH GROWTH

- Roger Vivier is an ultra high-end fashion brand, producing shoes, handbags, sunglasses, leather goods and accessories
- Goldman Sachs have estimated that the Roger Vivier brand will have a compound annual growth rate (CAGR) of 33% until 2017
- Diego Della Valle purchased the Roger Vivier brand in 2000 and has since invested in its development. Currently, Tod's owns the exclusive licence to the Roger Vivier brand
- Management has repeatedly said that when the agreement expires in December, 2016, their first priority is to acquire the Roger Vivier brand. If they cannot acquire the brand, then they will renew the license agreement as is their right under the current contract
- Because Diego Della Valle is a party to both sides of the transaction (owning ~57% of Tod's), we anticipate an agreement which is favourable to both Della Valle and the shareholders of Tod's. Della Valle similarly owns the rights to the Haute Couture brand, Schiaparelli, which may, in time, represent a similar opportunity for Tod's

Roger Vivier Revenue (in € M)



TOD'S SPA: KEY OPPORTUNITIES / SCHIAPARELLI – POTENTIAL?



Schiaparelli is a haute couture label, purchased by Diego Della Valle personally in 2007. The brand was reinvigorated in 2013, with a focus on the ultra high-end market. The strategy thus far has been one of exclusivity, targeting the ultra-high-end market with a by appointment boutique in Paris (pictured below) being the only way to view and purchase from the range. Although Schiaparelli is yet to see significant growth, we anticipate the possibility that Tod's may acquire the licence to the Schiaparelli brand in potentially the same way as it may acquire Roger Vivier.

TOD'S SPA: KEY OPPORTUNITIES / EMERGING MARKET GROWTH

- Revenue and store numbers have both grown over the past five years in Greater China and elsewhere. Tod's has recently initiated a move into the South American market with the opening of two stores in Sao Paulo. The Hogan brand has seen increased exposure in China, with its branding and marketing focused on the newly wealthy Chinese consumer. Tod's management have recruited Lina Zhang, a model from Shanghai, to act as a brand ambassador and promoter of the Hogan brand. ~35% of Tod's revenue is derived from emerging markets, with focus on wealthy individuals and travelers from the wealthy Gulf states of the Middle East, South East Asia and Eastern Europe/Russia.



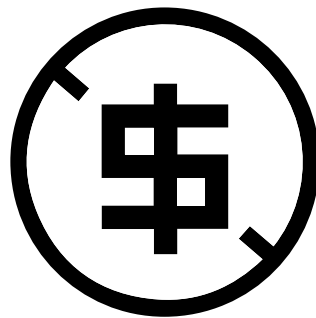
LINA ZHANG - THE BRAND AMBASSADOR AND PROMOTER OF THE HOGAN BRAND

TOD'S SPA: KEY OPPORTUNITIES & OTHER FACTORS



RE-EMERGENCE OF GLOBAL TRAVEL:

With the global recovery has come an increase in the level of global travel. Tod's targets customers with airport stores around the world, as travelers are more likely to make purchases.



LOW DEBT LEVELS:

With 5.9% Debt to Equity, Tod's has significantly lower debt than its peer group average (25.30%), affording it significant flexibility to raise debt capital if necessary (for the acquisition of Roger Vivier for instance).



POTENTIAL SPIN-OFF:

Tod's could spin-off one or more of its brands, in particular Hogan because of its popularity in China, potentially adding significant value for shareholders.

TOD'S SPA: KEY RISKS

1. CONTINUED SOFTENING OF THE LUXURY GOODS SECTOR:

An index of luxury goods companies assembled by S&P has returned -1.3% over the past year. This clearly presents the opportunity to acquire shares for lower multiples but presents the question, how much lower can luxury go?

3. REGIONAL RISKS:

Geographical factors including a slowdown in Chinese aggregate demand, a tax increase in Japan and continued recession in the Italian economy are all risk factors for Tod's.

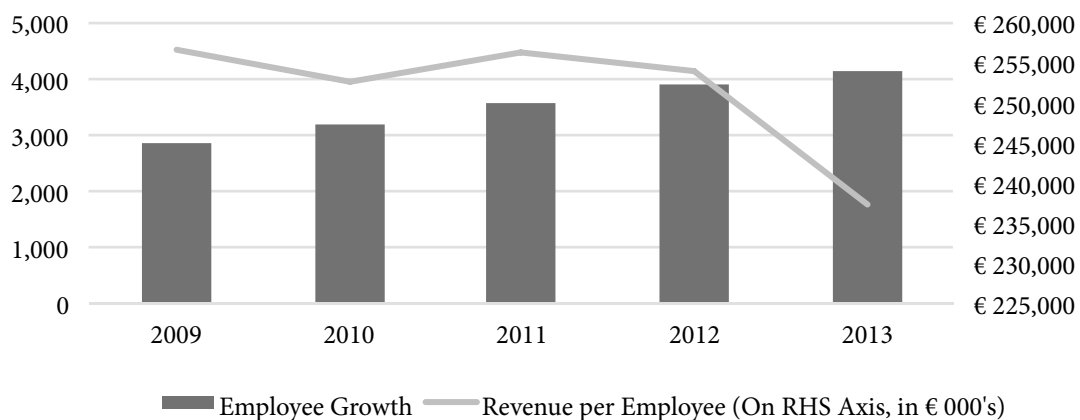
2. RISING INPUT COSTS:

The price of leather, one of Tod's key input costs, has increased significantly over the past year, contributing to a reduction in gross margins.

4. INCREASING HEAD COUNT:

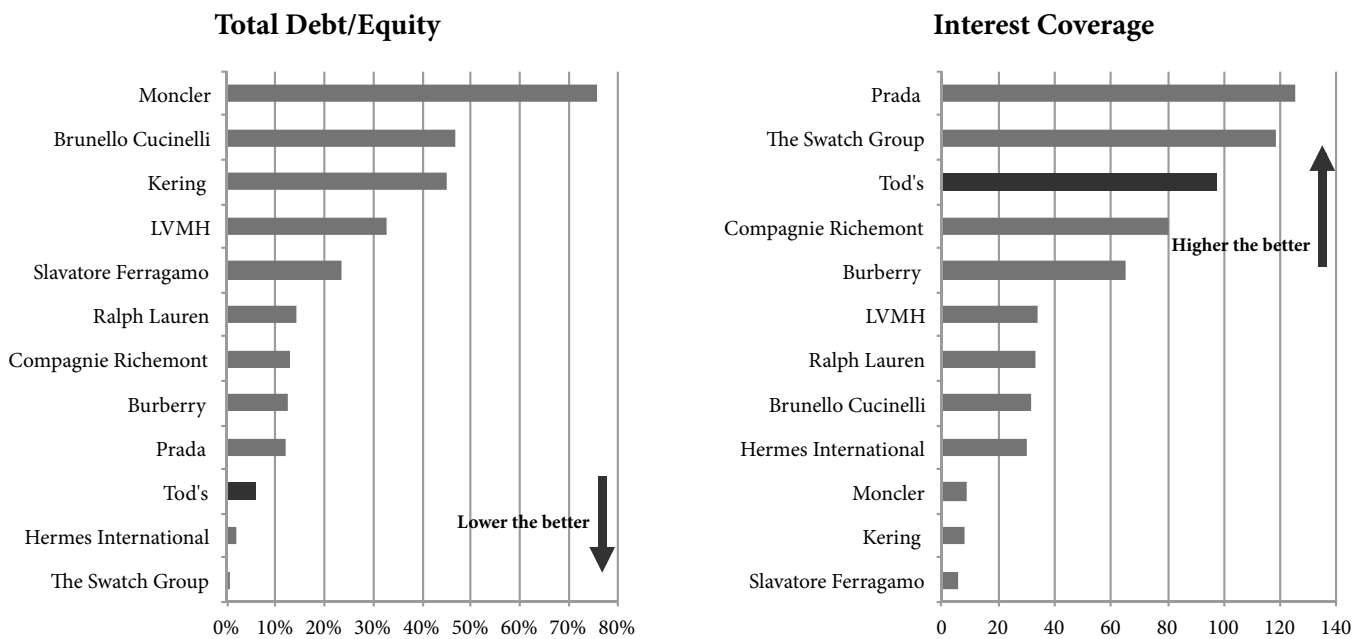
The number of employees at Tod's has continued to increase, while revenue per head has decreased significantly, particularly over the past year.

Employee Growth and Revenue per Employee



TOD'S SPA: LEVERAGE

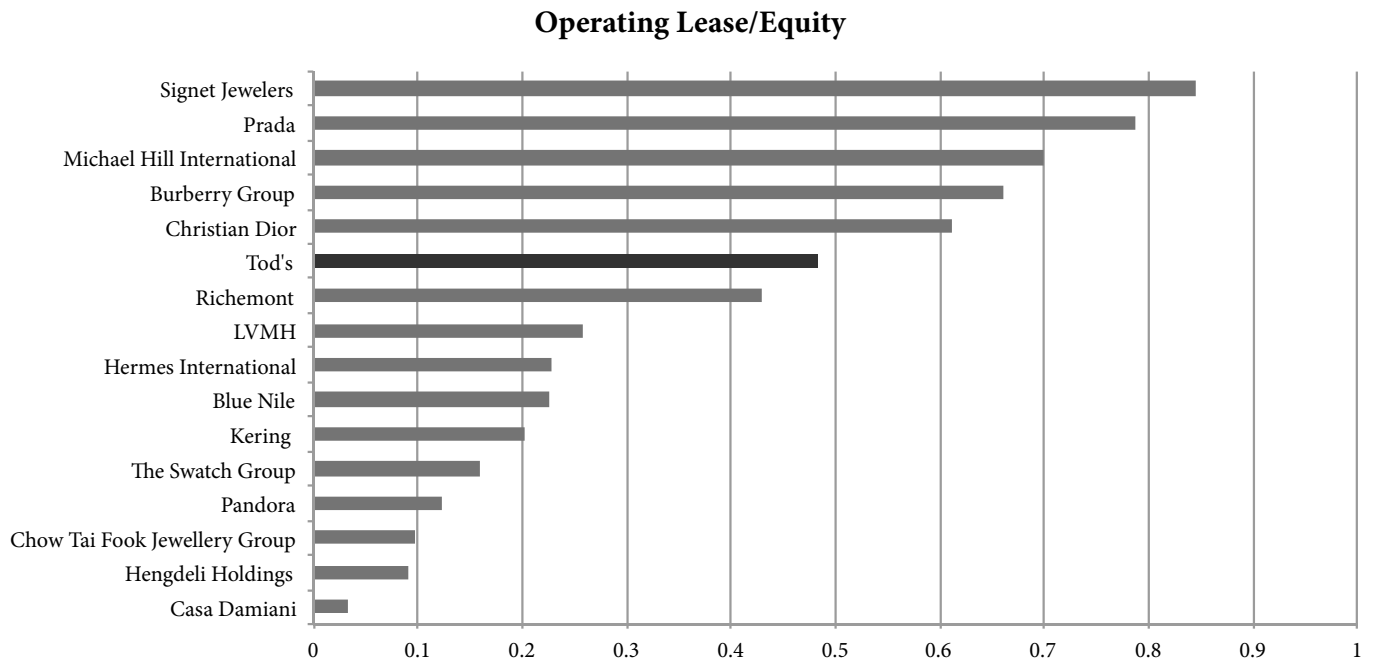
- Tod's debt levels of 5.9% Total Debt / Equity are significantly below the industry average of 25.3%*
- Tod's has cash of €147.8 M and Total Debt of € 28.40 M, which implies a Net Debt of -€119.4 M. i.e., Tod's has a positive Net Cash Position of €119.4 M
- In terms of interest coverage and solvency, Tod's is also ahead of the majority of its peer group*



* DATA SOURCE: THOMSON REUTERS AS AT 29 JULY 2014

TOD'S SPA: LEASE LIABILITIES

- The company has higher operating lease liability leverage when compared to some global peers (Operating Lease/Equity = 0.48x)*



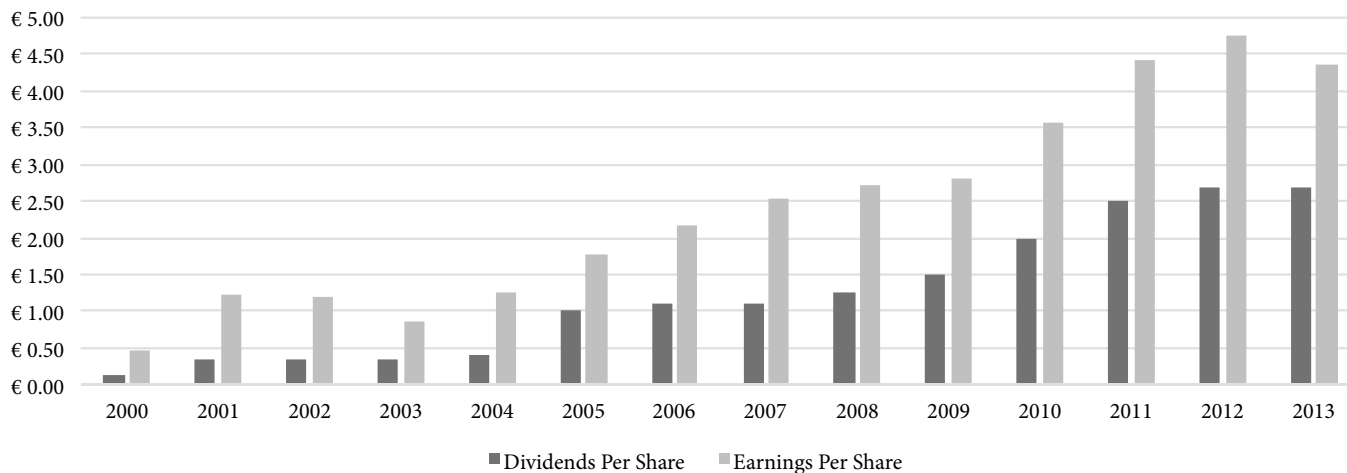
* DATA SOURCE: LATEST ANNUAL REPORTS FOR THE COMPANIES IN THE CHART AS AT 7 JULY 2014

TOD'S SPA: DIVIDEND HISTORY

- Tod's has a history of growing dividends. From the FY2013 Annual Report:

“The key points for the group business continue to be the generation of cash flow, the constant protection of operating profitability and the remuneration of our shareholders by means of dividend payments.”

Dividends and Earnings Per Share



Tod's provides an attractive dividend yield* of:

3.40%

Peer group average dividend yield is:

1.58%

* AS AT 8 AUGUST 2014
SOURCE: THOMSON REUTERS WORLDSCOPE DATABASE

TOD'S SPA: COMPARABLE COMPANIES

- The stock is currently trading at a discount to its peers. However, we believe the discount is undeserved as its core brand, heritage, opportunity to geographically expand and size (relative to luxury conglomerates) means it could become a potential takeover target for its larger luxury sector peers

	Trailing P/E	Forward P/E	Price/Sales	EV/EBITDA	Price/Cash Flow	Price/Book	Dividend Yield
Salvatore Ferragamo	22.90 x	20.60 x	2.50 x	11.40 x	16.90 x	6.80 x	1.90%
Kering	16.00 x	14.70 x	1.90 x	10.30 x	12.00 x	1.70 x	2.40%
Compagnie Richemont	19.80 x	18.20 x	3.30 x	12.20 x	16.30 x	3.10 x	1.50%
Moncler	27.80 x	23.20 x	4.10 x	13.00 x	20.90 x	7.00 x	0.80%
Brunello Cucinelli	36.60 x	33.60 x	3.00 x	16.80 x	31.80 x	6.30 x	0.70%
Prada	21.40 x	19.70 x	3.30 x	10.00 x	14.70 x	4.20 x	2.10%
The Swatch Group	15.50 x	15.50 x	2.90 x	10.40 x	14.50 x	2.60 x	1.50%
Hermes International	33.70 x	30.30 x	6.50 x	17.40 x	26.30 x	6.70 x	1.00%
Moet Hennessy Louis Vuitton	19.00 x	17.60 x	2.20 x	9.10 x	13.00 x	2.20 x	2.20%
Burberry	19.10 x	18.60 x	2.50 x	10.30 x	14.10 x	4.40 x	2.20%
Ralph Lauren	18.50 x	17.40 x	1.70 x	9.00 x	13.80 x	3.20 x	1.10%
Peer Average	22.75 x	20.85 x	3.08 x	11.81 x	17.66 x	4.38 x	1.58%
Tod's	20.10 x	19.10 x	2.60 x	10.90 x	15.50 x	3.00 x	3.10%



TOD'S SPA: VALUATION – “PRIVATE MARKET VALUE”

- We see Tod's as a potential takeover target for LVMH or Kering, two of the largest luxury goods firms in the world.

TOD'S AND LVMH HAVE CLOSE TIES:

- Bernard Arnault, Chairman and CEO of LVMH, owns 3.5% of Tod's shares
- Diego Della Valle is on the board of LVMH



In the event that LVMH acquires Tod's, we believe an appropriate multiple may be 18 x EV/EBITDA which is a discount to the average comparable transactions within the luxury sector in recent years:

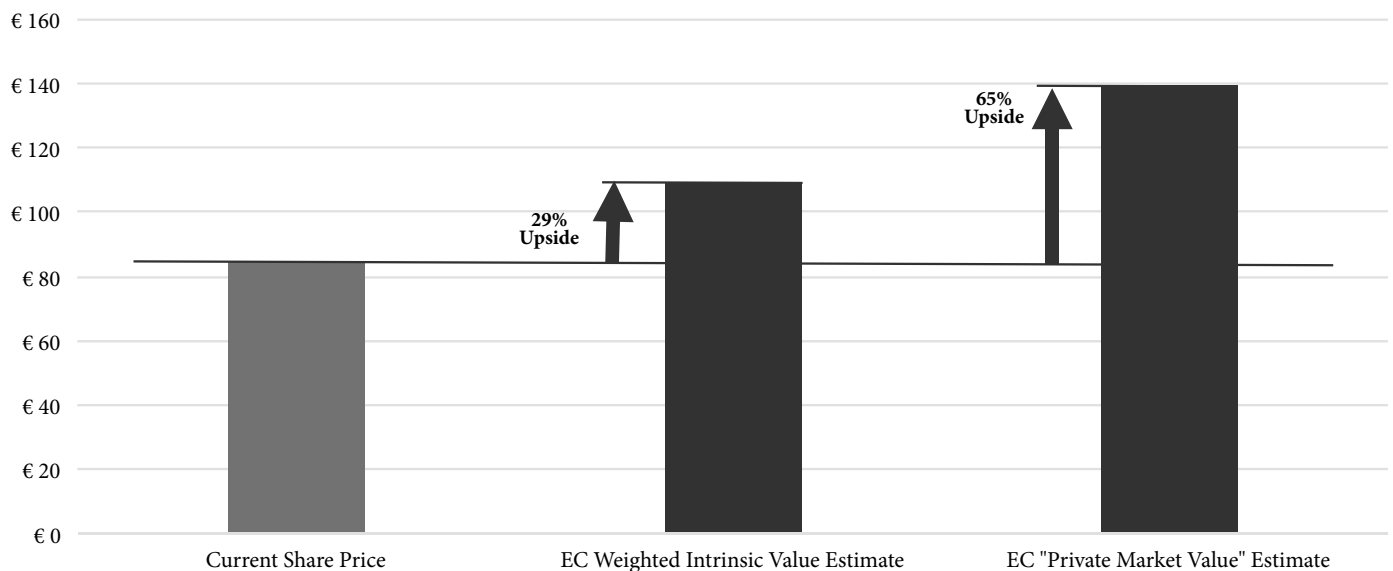
Acquirer	Target	Year	Price	EV/EBITDA (TTM)
LVMH	Bulgari	2011	€ 3.70B	25x
LVMH	Hermes Intl.	2011	€ 1.45B	15.5x
Labelux	Jimmy Choo	2011	€ 500-550M	15.7x
LVMH	Loro Piana	2013	€ 2.00B	18x
Swatch	Harry Winston	2013	€ 750M	23x
Average:				19.4x

- This implies a “Private Market Value” or Intrinsic Value for Tod's of € 139.44 per share
- Please refer to Appendix 4 for an expanded list of transactions within the sector

TOD'S SPA: MARGIN OF SAFETY

- In the event that Tod's is acquired by one of its larger competitors due to the continuing trend of consolidation in the luxury goods industry, we believe the stock is trading at a 39% discount (65% upside potential) to our estimated private market value (or intrinsic value) of € 139.44 per share based on an 18x EBITDA multiple derived from comparable transactions within the luxury sector
- Even our more conservative weighted intrinsic value estimate* is € 109.37 (refer to Appendix 3), representing a current discount to intrinsic value of 23% (29% upside potential)
- Conservative Balance Sheet, with a Net Cash Position of € 119.4 M

Valuation Summary



* THE EC WEIGHTED INTRINSIC VALUE ESTIMATE = 15% * CONSERVATIVE P/E VALUATION + 20% * NEUTRAL P/E VALUATION + 25% * OPTIMISTIC P/E VALUATION + 40% * "PRIVATE MARKET VALUE" VALUATION

TOD'S SPA: CONCLUSION

- The strong and continuing trend of consolidation in the luxury goods industry is the primary reason for our favourable view of Tod's. *We see upside potential of as much as 65% should Tod's become subject to industry consolidation*
- MARGIN OF SAFETY: Even our conservative weighted valuation yields upside potential of 29%
- PAID TO WAIT: With a dividend yield of 3.40%*, Tod's yields significantly more than the industry average of 1.58%
- STRONG BALANCE SHEET: Tod's has a positive net cash position of €119.4 M, meaning they have more cash on their balance sheet than debt. We believe that Tod's has one of the strongest balance sheets of any firm in the luxury goods sector, contributing to our margin of safety and making Tod's more attractive to potential acquirers



* AS AT 8 AUGUST 2014

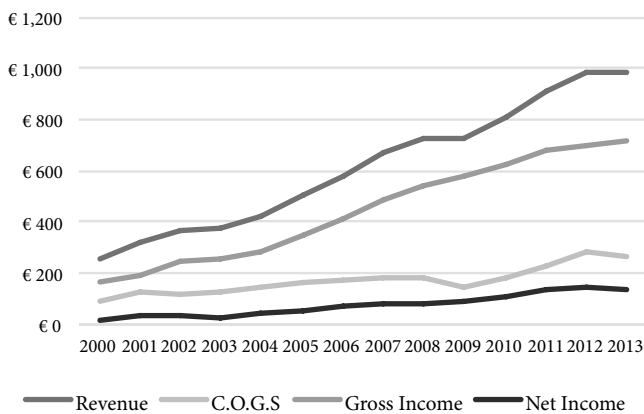


**TOD'S SPA:
APPENDICES**

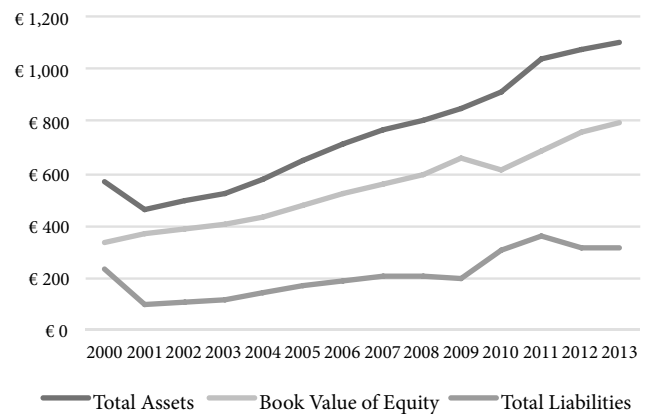
TOD'S SPA: APPENDIX ONE

- Since its IPO, Tod's has grown revenue and earnings strongly. This trend has been weaker since 2011, a fact which we attribute to a lack of economic growth in the Eurozone (a region Tod's derives over 55% of its revenue from)
- Tod's has maintained low leverage while growing the book value of equity strongly

Income Statement - Key Items (in € M)



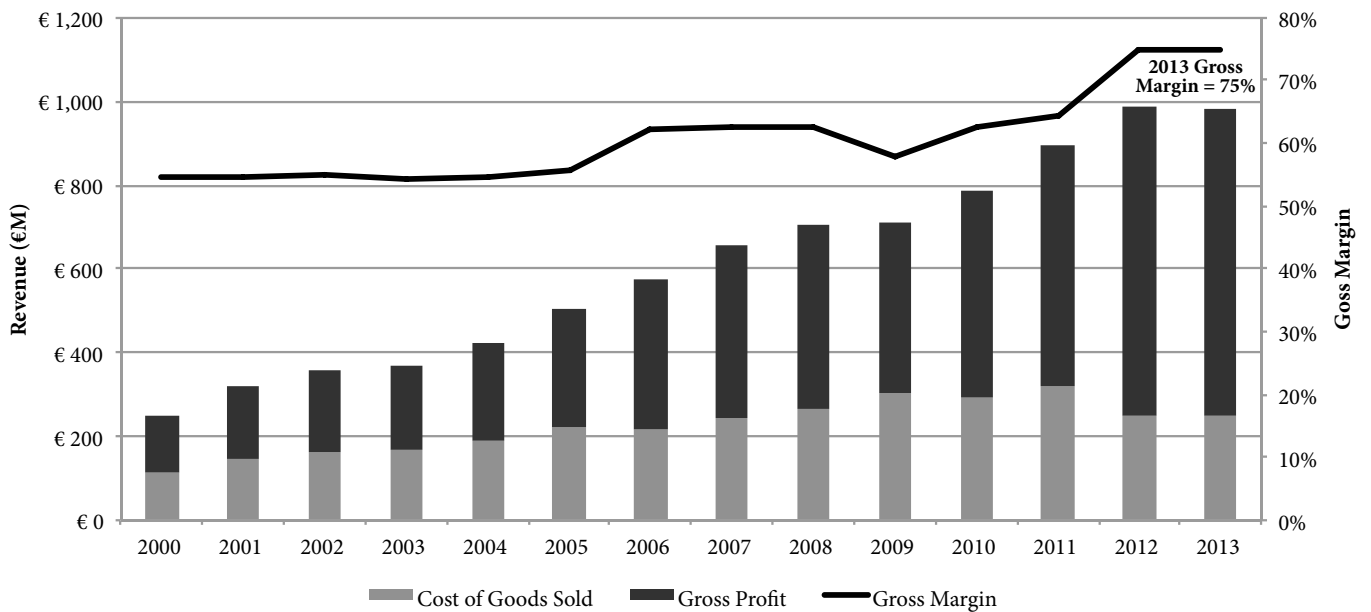
Balance Sheet - Key Items (in € M)



TOD'S SPA: APPENDIX TWO

- Tod's has continued to improve its gross margin from 55% in 2000 to 75% in 2013 (during the same period it has grown its revenue from €252M in 2000 to €983M in 2013)

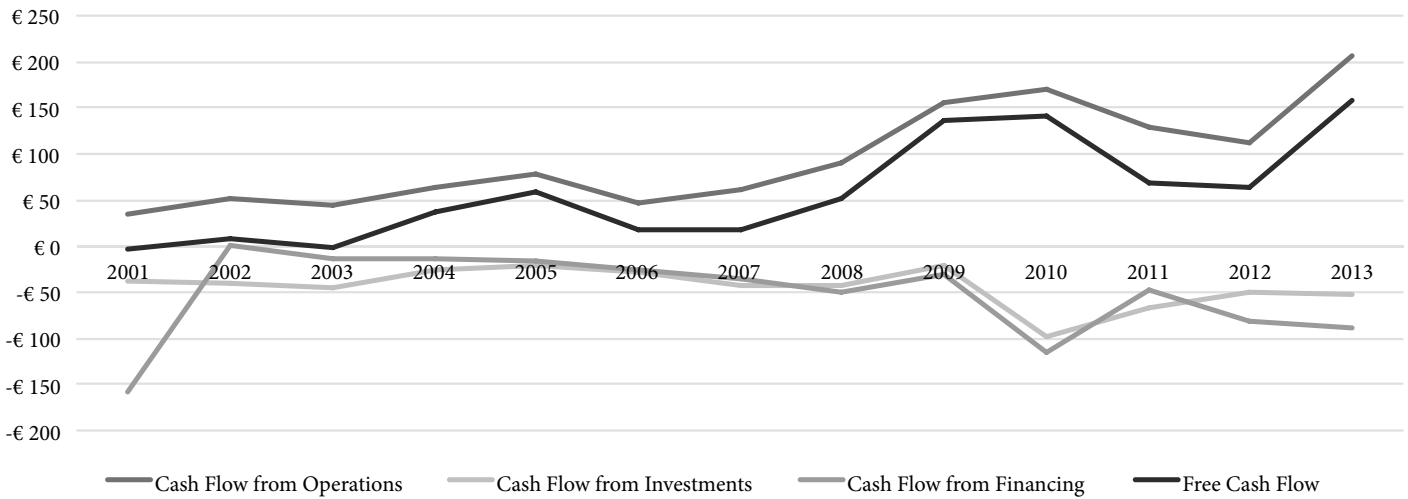
Tod's - Revenue Growth and Gross Profit / Margin Expansion



TOD'S SPA: APPENDIX THREE

- Free Cash Flow has remained robust with a current free cash flow yield of 2.5%

Cash Flow Statement - Key Items (in € M)



TOD'S SPA: APPENDIX FOUR

We value Tod's based on P/E transaction multiples, and using Conservative, Neutral and Optimistic scenario analysis. Each scenario generates an intrinsic value based on differing assumptions:

- The compound annual growth rate of revenue over the past 14 years has been 10%. Our revenue CAGR assumptions are 4.77%, 7.06% and 9.04%
- Tod's average Net Margin over the past five years is 14% and is currently 13.63%. Our Net Margin assumptions are 12.5%, 13.5% and 14.5%
- Tod's average PE ratio over the past ten years has been 22.50x and it currently trades at a PE ratio of 20.10x. Our PE ratio assumptions are 17.5x, 20.0x and 22.5x

	Conservative		Neutral		Optimistic	
Revenue	2013	2016	2013	2016	2013	2016
Italy	328.36	353.54	328.36	370.95	328.36	393.43
CAGR		3%		5%		7.5%
Europe	211.37	227.58	211.37	233.14	211.37	238.79
CAGR		3%		4%		5%
America's	91.43	98.29	91.43	116.03	91.43	121.37
CAGR		7.5%		10%		12%
Greater China	240.86	305.66	240.86	323.33	240.86	341.59
CAGR		10%		12.5%		15%
R.O.W	111.09	119.61	111.09	122.53	111.09	125.50
CAGR		3%		4%		5%
Total	983.10	1104.68	983.10	1165.99	983.10	1220.68
CAGR		4.77%		7.06%		9.04%
Net Margin	13.63	12.5	13.63	13.5	13.63	14.5
2016 Net Income		138.08		157.41		177.00
Shares Outstanding	30.6	30.6	30.6	30.6	30.6	30.6
EPS		4.51		5.14		5.78
P/E Ratio		17.5 x		20 x		22.5 x
Implied Price		78.97		102.88		130.15
Discounted to 2014		€65.15		€84.87		€107.37

TOD'S SPA: APPENDIX FIVE

LUXURY SECTOR M&A TRANSACTIONS

Acquirer	Target	Year	Price	EV/EBITDA (TTM)
PVH	Tommy Hilfilger	2010	USD 3.1B	15.6x
LVMH	Bulgari	2011	€ 3.70B	25x
LVMH	Hermes Intl.	2011	€ 1.45B	15.5x
Kering	Brioni	2011	€ 220M	10.5x
Labelux	Jimmy Choo	2011	£ 500-550M	15.7x
PVH	Warnaco	2012	USD 2.9B	11.6x
Mayhoola	Valentino	2012	€ 700M	31.5x
LVMH	Loro Piana	2013	€ 2.00B	18x
Swatch	Harry Winston	2013	€ 750M	23x
Kering	Pomellato	2013	€ 277-299M	14.5x
Kering	Ulysse Nardin	2014	€ 650M	13x
Signet	Zale	2014	€ 1.04B	15x
			Average	17.4x



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'INDEPENDENT THINKING – DISCIPLINED INVESTING'

INDEPENDENT THINKING

[In-de-pend-ent Think-ing] **ində'pendənt THiNkiNG** *verb*

Is essential to long-term investment success. We are often contrarian and do not pay attention to index compositions when making investment decisions. We believe that when you're several thousand miles away from Wall Street in a different nation, it's easier to be independent and buy the things that other people are selling, and sell the things that other people are buying. We also believe that cash is sometimes the most attractive investment.

DISCIPLINED INVESTING

[Dis-ci-plined In-vest-ing] **disciplinəd inves'ting** *verb*

The market presents opportunities every day, but disciplined investing is as much about the opportunities you do not take. Our investments are premised on the concept of "Margin of Safety" which we believe reduces risk.



